



Missouri State Government Web
Office of Administration - Division of Budget & Planning

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Missouri Office of Administration



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FY 2002 EXECUTIVE BUDGET

Governor's Letter of Budget Transmittal

January 30, 2001

TO THE GENERAL ASSEMBLY AND THE PEOPLE OF MISSOURI:

At the dawn of this new century, Missouri is poised to show the nation how to build the future we want for our children and the families of the next generation. We share a commitment to the present and a common vision of tomorrow. There is no room in Missouri's future for divisiveness and dissension. The bright future that I want for Missouri can only happen if all Missourians work for it - today, tomorrow, and TOGETHER.

The Missouri economy remains strong. Unemployment is still near a historic low and all major economic forecasts predict continued business expansion. However, the state budget faces challenges more serious than we have seen since the early 1990s. The combination of slowing state revenue collections, deep tax cuts, generous tax credits, and unexpected mandatory expenditures force us to use the remainder of the Fiscal Year 2001 budget and the Fiscal Year 2002 budget to get the state's fiscal house in order. This is not the way that I had planned to begin my administration but it is a challenge that I accept. Under my administration, Missouri will remain a fiscally conservative state that balances its budget and delivers the high quality services that Missouri taxpayers expect and deserve.

This year's tight budget has not lessened my commitment to the goals and ideals that Missourians endorsed by electing me governor. The Fiscal Year 2002 budget was constructed on four principles: fiscal integrity, expanded opportunity, programmatic efficiency, and protection of Missouri's most vulnerable citizens. This budget slows the growth of state government and makes careful cuts in state spending, especially where we have found more efficient ways to do business. Missouri government in my administration will be smarter, more efficient, and managed like our most successful businesses.

I see improving education as the key to a brighter tomorrow for our children and our state. I will never turn my back on our public schools. We must continue to invest in areas that give Missourians opportunities to make a better future for themselves and their families.

Even in tight budget times, we have the obligation and privilege to help those Missourians who need assistance to take advantage of opportunities. The Fiscal Year 2002 budget provides funds to fight crime and drugs, support the elderly, secure access to quality health care for low-income citizens, and help the disabled to live independently.

The Fiscal Year 2002 budget is the first step toward the future that I want for Missouri - a future full of promise and opportunity, that challenges each of us to build better tomorrows - TOGETHER.

Sincerely,

Bob Holden
Governor of Missouri

 **Missouri State Government Web**
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FY 2002 EXECUTIVE BUDGET

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FY 2002 EXECUTIVE BUDGET

FY 2002 BUDGET SUMMARY

While Missouri continues to have a robust economy, the Fiscal Year 2002 budget presents the largest fiscal challenge to the state since the early 1990s. The budget stress is due to a combination of substantial increases in mandatory costs and the impact of tax cuts and tax credits enacted in past legislative sessions. Specific factors contributing to the budget difficulties include:

1. Tax reductions were enacted that had higher costs and were implemented sooner than anticipated.
 - For the 1999 legislative session, Governor Carnahan recommended \$166 million in tax relief. The General Assembly passed legislation cutting taxes by an amount estimated at that time to be \$217 million assuming that revenue collections would continue to improve in an expanding economy. This assumption proved incorrect.
 - The prescription drug tax credit enacted in 1999 cost \$81.9 million in its first full year of implementation rather than the \$20 million estimated. Therefore, the full cost of the tax reductions enacted in 1999 is about \$113 million more than was originally recommended. At four times its' original estimate, the prescription drug tax credit decreased revenue in Fiscal Year 2000 and will continue to depress collections in Fiscal Year 2001 and Fiscal Year 2002.
 - The corporate franchise tax cut approved by the General Assembly in 1999 went into effect one year earlier than anticipated due to the way the legislation was drafted and how the tax is paid. This cost Fiscal Year 2000 \$19 million and will cost Fiscal Year 2001 \$13 million more.
 - Tax credits that reduce revenue have grown from \$49.5 million in Fiscal Year 1996 to an estimated \$200.2 million in Fiscal Year 2002, a \$150.7 million increase (304 percent).
2. Budget balances and reserves have been affected.
 - The larger tax cuts had to be paid for in Fiscal Year 2000 with one-time cash balances, thus reducing funds that would have been available for Fiscal Year 2001.
 - The first \$51 million in revenue growth for the Fiscal Year 2001 budget had to be used to pay for core operating expenditures because of the larger tax cuts.
 - The budget reserves established for supplemental appropriations were reduced for the Fiscal Year 2001 budget.
3. The General Assembly reduced the Governor's Fiscal Year 2001 budget recommendations for Corrections and Medicaid and directed those resources to other areas on the assumption that growth in the prison population and pharmacy costs would slow. These assumptions have been proven false by the need for supplemental funding of \$69.3 million for Medicaid and \$10.2 million additional general revenue for the Department of Corrections. Because these areas were not adequately funded in the current year, large funding increases are needed for these programs in Fiscal Year 2002.
4. While the Missouri economy is still strong, revenue collections have slowed due to a decrease in capital gains in the stock market and economic pessimism that has slowed the growth in sales taxes.

5. The state faces large increases in the cost of mandatory programs in Fiscal Year 2002. Health care costs in the Medicaid program and for state employees are rising dramatically. The largest increases are in the Medicaid pharmacy program as the cost of drugs and their use escalates. These costs must be met to ensure continuation of services to Medicaid recipients, the majority of whom are elderly, disabled, or young children.

By any objective measure, Missouri is a low tax state. Based on the latest information published this year by the U.S. Census Bureau, Missouri ranks 47th in state expenditures per capita. Governor Holden will work to increase government accountability and ensure that Missouri remains fiscally conservative.

The Fiscal Year 2002 budget balances resources and obligations based on the consensus revenue and refund estimate. To balance the budget and provide for a modest level of discretionary budget increases, the core budgets were thoroughly reviewed again. This review identified \$153 million in general revenue core budget reductions and redirections.

Fiscal Year 2002 base operating appropriations after core cuts are \$6,113.5 million. New operating budget appropriations of \$434.4 million are recommended. This brings the total general revenue operating budget to \$6,547.9 million, exclusive of court-ordered desegregation spending, tax refunds, and revenues dedicated to the Outstanding Schools Trust Fund.

The \$434.4 million increase in operating funding provides:

- \$405.4 million to continue high priority existing programs, cover increasing Medicaid caseloads and costs, respond to the expected growth in prison inmate population, provide for increased state employee health care costs, and implement new legislation.
- \$29 million, including significant one-time funding for technology enhancements.

The Fiscal Year 2002 cost for the desegregation settlement is \$20 million.

A total of \$45 million has also been set aside for supplemental appropriations and increases in estimated appropriations, along with \$4.0 million for fund transfers and other adjustments.

MISSOURI - A CENTURY OF NEW OPPORTUNITIES

Governor Holden called on Missourians in his inaugural speech to work together to build a Missouri that we will be proud to pass on to the generations to come. His new vision is One Bright Future, One Missouri. He believes that Missouri is at the start of a century of new opportunities. The goal of the new administration is to unite all Missourians in forging this bright future.

While Missourians are safer, healthier, and better educated than at any time in our history, we cannot turn away from the challenges of the future. The greatest barrier to building one Missouri is ourselves. We must ensure that state government works to give every child the best possible education, fosters a well-trained and highly skilled workforce, and preserves and protects our families.

Governor Holden's budget recommendations cover five areas – fiscally responsible and efficient government, world-class schools, 21st century economy, safe communities and neighborhoods, and healthy families. These are outlined below, along with information on the economy, desegregation, the compensation plan for state employees, the capital budget, the state's revenue and spending limit, and long-term projections for strategic

planning and budgeting.

FISCALLY RESPONSIBLE AND EFFICIENT GOVERNMENT

As State Treasurer, Bob Holden focused on increasing the state's return on its investment. As Governor, Bob Holden wants Missouri government to be similarly focused on results and accountable to taxpayers. The previous administration laid the groundwork by identifying a set of priority results that indicate the well being of the people who live and work in the state. Partly because of this, Missouri has been recognized as one of the best-managed states in the nation. However, one of the distinguishing characteristics of the best performing organizations – whether they are private or public – is the recognition that they can be even better. Governor Holden knows that Missouri state government can continue to improve: it can be smarter, smaller, and more efficient.

Governor Holden is committed to holding state government agencies accountable to a higher standard of performance and quality. His business-like approach to managing state government will focus on setting priorities, measuring success, making better decisions, and communicating results. In order for state government to be truly accountable, results must be reported to the public in more visible and accessible ways. The goals of this Leading to Results effort are to make government more hassle-free, cost-effective, and answerable for results – results that can be measured in the improved well being of the people who live and work in Missouri.

Over the next few months Governor Holden will form a team to ask stakeholders around the state to help prioritize the results most important to state government. Citizens, members of the General Assembly, community groups, and representatives from the private sector will be consulted in this non-partisan effort. Missouri has made major strides in identifying and communicating results. Governor Holden wants to do more than simply inform the public, however. He wants to involve them in the actual setting of priorities for his administration. The Governor wants to use the values and dreams of Missourians to chart a course into the new century that will ensure a bright future for the state.

Once priorities are identified, state government must start focusing its efforts and increasing efficiency in order to achieve the results desired by Missouri citizens. Governor Holden's team will be charged with carrying out this mission by working with all 16 state agencies to improve current processes, eliminate duplication, and streamline government agencies. The Holden administration will measure progress on results and use these data to ensure that state dollars are directed to the most effective programs that will best achieve the desired results. Progress on these results will be compiled into a "Missouri Report Card," an overall indicator of how Missouri state government is performing on the results that matter most to its citizens. Through the Governor's Leading to Results effort, Missouri state government will become smarter, more efficient, and more customer-friendly, and Missouri citizens will be better informed about the priorities they have deemed most important. By identifying and focusing on these results, the state will realize Governor Holden's vision of one Missouri that is great place to live, work, and raise a family.

WORLD-CLASS SCHOOLS

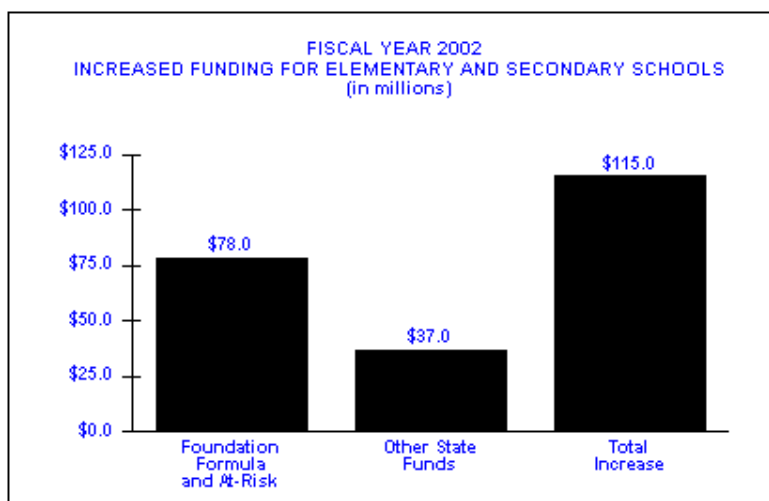
The first area Governor Holden will focus on is how well the state's children are being educated. This is critical to ensure that Missouri is on track to becoming a leader among states in education. Governor Holden's Fiscal Year 2002 budget supports five major educational goals: making sure our children are ready to learn when they enter school; elevating the professional status of teaching; enhancing student performance standards and school

accountability; reducing class size so students can receive more individual attention; and increasing the emphasis on personal character and discipline among our students.

Better Schools

Governor Holden's Fiscal Year 2002 budget includes \$3.5 billion in direct state aid to local public schools, a \$115 million increase, including:

- \$78 million (a 4.0 percent increase) to fully fund the foundation equity formula and at-risk program.
- \$5.8 million for Early Childhood Special Education for educational services provided to three- and four-year-old children with disabilities.
- \$4.8 million for the Extraordinary Cost and Severe Disabilities Program to assist school districts that provide educational services to students with disabilities.
- \$4.0 million for additional technology grants to schools to expand technology learning for children and teachers.
- \$2.5 million to give teachers the technological training necessary to better integrate the use of computers and the Internet in the instructional process.
- \$1.1 million for scholarships in the A+ Schools Program.
- \$1.1 million to expand the Safe Schools Program by providing additional funding for alternative education initiatives.
- \$994,998 to provide teacher training and resources for character education in Missouri's school districts.
- \$570,178 to fully fund salary supplements for teachers through the Career Ladder Program, bringing total funding to \$38.9 million.
- \$198,351 for full funding of the estimated cost of the Gifted Program, bringing total funding to \$24.9 million.



Early Childhood

Recent breakthroughs in scientific research confirm what most parents have always known in their hearts. The period from birth to age three is crucial in the educational and emotional development of our children. Some of the most important lifelong learning occurs before formal education even begins. Children who do not have the opportunity for quality learning experiences may not develop crucial skills that may significantly affect their ability to learn later in life. Focusing on early childhood care and education is critical as more than one-half of mothers return to work within one year of their baby's birth. The evidence makes a compelling case that the best return on our investment is in the growth and development of Missouri's young children. The Governor's Fiscal Year 2002 budget uses a portion of the tobacco settlement funds for a major new initiative in early childhood

programs. Combined, these proposals will provide \$16.2 million in ongoing funds and \$13.3 million in one-time funding to include more at-risk families in the Parents As Teachers program, increase access to child care, improve the quality of child care, expand early development outreach, and bolster intervention services for special needs children.

- \$7.0 million for the Parents as Teachers program, to increase the number of at-risk families it serves and provide additional home visits for all three- to five-year olds in the program.
- \$3.1 million for child care subsidies for an additional 1,020 low-income families.
- \$3.0 million for Jump Start Program grants to schools to start high quality child development programs.
- \$1.9 million for the Early Headstart Program to provide services to an additional 220 children.
- \$1.4 million to expand training and collaboration between Parents as Teachers and other early childhood programs, and increase resources for accreditation and licensing of childcare facilities.
- \$1.0 million ongoing and \$9.3 million in one-time grants to communities to meet locally identified needs to ensure all children have access to quality care.
- \$1.0 million in one-time grants to child care facilities in neighborhoods with a high concentration of at-risk children.
- \$960,000 to expand successful community-based prenatal and early childhood nurse home visitation programs for at-risk families.
- \$950,000 to ensure access to childcare for about 300 children whose parents are transitioning from welfare to work.

Higher Education

Advanced education is the prerequisite for success in the 21st century. In a world where frequent job changes are the norm, quality higher education is not only the key to a better quality of life but a crucial resource for local economies. Missouri's ability to attract and retain high quality jobs and businesses depends on an adequate supply of educated workers. Our state has developed a higher education system that is actively preparing Missourians for the challenges ahead. Responding to the unfolding global economic transformation, Missouri's higher education institutions have developed differentiated educational missions, more high-skill, high-wage training, and continuous learning opportunities for citizens.

Governor Holden's Fiscal Year 2002 budget provides enhanced funding for Missouri's colleges and universities to prepare students for success in the 21st century. Whereas some departments will actually see their budgets shrink for Fiscal Year 2002, Governor Holden affirms higher education as a priority recommending a total of \$1.17 billion in support of students and our colleges and universities, a 2.2 percent increase over ongoing Fiscal Year 2001 appropriations.

Governor Holden recommends \$17.8 million to complete mission review and enhancement for Truman State University, Lincoln University, the University of Missouri, and Harris-Stowe State College. Mission enhancement funds are used to improve program access; create new high-wage, high-demand programs; and provide better equipment and facilities at Missouri institutions. With this recommendation, the mission enhancement cycle will have been completed, with ongoing funding of \$106.2 million added to the public four-year public institutions' budgets.

The Governor's recommendations also include initiatives focused on the use of information technology to promote higher education such as the Common Library Platform, the Missouri Learners' Network, the Missouri Research and Education Network, and funding for campus technology enhancements.

21ST CENTURY ECONOMY

After years of record economic growth, there are signs that the national economy is slowing. Missouri can continue to prosper, however, and recent statistics show the state's economy remains strong. The state's labor market is healthy, unemployment remains low, exports continue to rise, and personal income is up. Governor Holden will work to maintain our state's excellent economy and secure continued prosperity in the 21st Century. The Governor's initiatives include improving the state's transportation system, investing in life sciences research, and supporting Missouri agriculture.

Helping Farmers Become Small Business Entrepreneurs

Missouri's small farms and rural communities are at risk if farmers do not have access to the capital necessary for new ventures that add value to agricultural products. Section 142.028, RSMo authorized the Missouri Ethanol Producer Incentive Fund and encouraged 311 farmers in Macon County to form a cooperative to use their corn products for the production of ethanol. The Macon plant processes approximately 17,000 bushels, or one million pounds, of corn a day into 16 million gallons of ethanol per year. A second plant, located in Holt County, is expected to begin production in February 2001. The two plants together will process 730 million pounds of corn each year to produce 32 million gallons of ethanol.

To help farmers add value to their commodities, the Governor recommends:

- \$4,342,546 for continued funding of the Macon and Holt county ethanol plants.
- \$270,000 to develop quality standards and trademarks for certified organic and family farm products as required by SB 894 (2000).
- \$100,000 to help agricultural producers create and sell processed or retail-ready products.

Investing in the Future Through Life Sciences Research

As the economic environment changes, Missouri must use expanding opportunities to be competitive in the 21st century. The world economy is quickly shifting to a technology-based society and Missouri is emerging as a premiere center in developing and promoting life-saving and life-enhancing technologies that will improve the quality of life for people everywhere.

Efforts are already underway across the state to capitalize on our many existing assets:

- Recognition of Missouri's public and private universities as world leaders in research areas directly affecting the health of people.
- Missouri's existing health sciences base with many industry leaders in pharmaceutical research and development, and medical manufacturing.
- Missouri's highly skilled, educated workforce.

We must do more to promote the growing life sciences industry because the positive impact from investments on the quality of life is unlimited. Research in the life sciences is an investment in the future of Missouri citizens. Investments made in attracting fast growing companies, supporting research, and producing highly educated and skilled workers will result in better health and improved economic opportunities for all Missourians.

Disease and illness plague the lives of many of Missourians. Health science research can reduce the cost of staying well and lower the health risks associated with chronic disease and lifestyle choices such as smoking. Health science initiatives also offer opportunities for new drugs and treatments to improve the health of

Missourians.

Investment in health science initiatives will increase these types of discoveries and help market them to the world. Studies have found that the return on investment in the area of health research is more than 15 to 1 to the state economy. It will also help Missouri's vital agricultural industry through new uses for our agricultural products. Because of the vital importance of life sciences, the Governor recommends:

- \$32.5 million ongoing and \$13.3 million one-time funding from the tobacco settlement for life science research. Grants will be awarded to increase the capacity and infrastructure for quality life sciences research in the state.
- Creation of a life sciences advisory board that will ensure these funds are invested wisely to enhance Missouri's economic future.

SAFE COMMUNITIES AND NEIGHBORHOODS

Governor Holden has pledged to continue the fight against crime in Missouri. He proposes additional initiatives to enhance this effort: stricter driving while intoxicated laws; improved services for victims of crime; more resources to fight drug manufacturing, trafficking, and use; and providing law enforcement with the equipment to perform their duties.

Combating Drugs

Methamphetamine is the most prevalent controlled substance clandestinely manufactured in the United States. Because of its central location as a transportation crossroads, Missouri has become a target of criminals who make and sell this insidious substance. Drug dealers also aggressively push the illegal drug known as ecstasy, the use of which has grown among teenagers and young adults. Governor Holden recognizes the dangers illegal drugs pose to society and proposes a comprehensive strategy to stop this threat to public safety through additional education/prevention measures, treatment services, and law enforcement resources. The Fiscal Year 2002 budget includes an additional \$2.6 million for the following initiatives:

- \$900,000 for a Missouri Meth/Ecstasy Initiative to promote public awareness and education about the dangers of meth and ecstasy, and provide assistance to multi-jurisdictional drug task forces.
- \$700,598 for a 14-bed residential alcohol and drug treatment program for a nine county area in northern Missouri. This funding is included in the Department of Mental Health section of the Missouri Budget.
- \$544,260 and nine Highway Patrol staff to collect and analyze crime data from all law enforcement agencies in the state. This will help law enforcement agencies identify emerging crime trends sooner and more effectively allocate resources to prevent crime.
- \$250,000 for the Missouri Statewide Police Intelligence Network (MOSPIN), a secure, computerized system that will permit authorized local, state, and federal law enforcement authorities to share crime intelligence reports.
- \$187,827 to develop a school-based drug prevention program in conjunction with the Department of Elementary and Secondary Education. This funding is included in the Department of Mental Health section of the Missouri Budget.
- Redirection of \$1.6 million in funding for drug courts to the Judiciary to ensure the most effective use of these core funds.

Treatment for Sexually Violent Predators

Persons deemed by the courts to be “sexually violent predators” are committed to the custody of the Department of Mental Health for control and treatment until they can safely return to the community. The courts have also tended to place individuals in the department’s custody pending final determination of their status. The program began in January 1999 at the Southeast Missouri Mental Health Center, and the number of individuals detained or committed has been steadily increasing. The Sexually Violent Predator Program also recently acquired its first female detainee. For anticipated growth to a population of around 100 individuals and to accommodate the female detainee apart from the male population, Governor Holden recommends \$259,884 in Fiscal Year 2001 supplemental funding and an increase of \$2.8 million for Fiscal Year 2002.

Corrections Operating Budget

The Governor’s recommendations provide funding to improve security and meet the demands of inmate population growth, including:

- \$32,400,000 for the Inmate Growth Pool, including \$6.1 million dollars to open the Southeast Correctional Center in Charleston.
- \$8,605,262 for increased fuel and utilities costs.
- \$2,287,919 for increased institutional expense and equipment costs.
- \$1,890,594 for increased food costs.
- \$857,876 and 19 staff to ensure that inmates work or participate in education or treatment programs.
- \$696,194 for mental health services.
- \$450,000 for work-based education.
- \$285,997 for psychotropic medications.

HEALTHY FAMILIES

The health of our citizens is critical to Missouri and Governor Holden is committed to improving it. The Fiscal Year 2002 budget will reinvest tobacco settlement funds, improve the quality of health care, protect Missouri children, enhance mental health services, and enable independence for more Missourians with disabilities to be more independent.

Protecting Missouri Children

Missouri continues to experience dramatic growth in the number of children in out-of-home placements. Foster care and adoptive placements are necessary to provide stable, safe environments for children separated from abusive or neglectful parents. The Department of Social Services continues to actively seek creative and collaborative solutions to this problem in Missouri, and is committed to ensuring that our most vulnerable citizens remain safe. Over the last few years, the department has relied on extended family members to act as foster parents for children, mirroring national trends. The budget includes an increase of \$42.2 million to provide safe environments for abused and neglected children and prevent child abuse and neglect from occurring in Missouri families.

- \$21 million for caseload growth and continuation of the Fiscal Year 2001 supplemental in the Grandparents as Foster Parents program.
- \$8.3 million to continue the Fiscal Year 2001 supplemental in the Children’s Services Pool due to caseload growth in the Adoption Subsidy and Foster Care programs and increased costs in Children’s Treatment Services.

- \$5.6 million for caseload growth of 1,400 children in the Adoption/Guardianship Subsidy program.
- \$5.4 million for one-time infrastructure and training needs to help ensure the safety of children who come into contact with the child welfare system.
- \$3.0 million for a collaborate effort among the Department of Social Services, the Office of State Courts Administrator, and the University system to minimize the length of stay for children in foster care.

Decreasing Drug and Alcohol Abuse

Alcohol and drug abuse underlies many of the health and safety issues confronting Missourians. Young Missourians have historically used alcohol and illegal drugs at rates higher than those for the youth of the nation as a whole. Each year, too many Missourians are killed or injured in vehicle accidents involving alcohol, or are harmed in other ways by their own or someone else's substance abuse. To address these problems, Governor Holden recommends:

- \$187,827 for a school-based alcohol and drug abuse prevention program to be developed in conjunction with the Department of Elementary and Secondary Education and the Medicaid program.
- \$700,598 to establish a 14-bed alcohol and drug residential treatment program for a nine county area in northern Missouri. The program will serve about 170 clients per year.

Improving Health Care and Quality

Governor Holden's budget provides funds for a comprehensive approach to address the health needs of Missourians, including:

- \$87.8 million for the additional anticipated costs of existing Medicaid programs. \$65.0 million for anticipated caseload increases in Medicaid programs.
- \$28.1 million to fund the remaining months of the Fiscal Year 2001 managed care trend factor.
- \$22.0 million to provide a trend factor for managed care of 4.1 percent in the Eastern and Central regions and a 15 percent trend for the Western region. \$5.9 million for education, prevention, and client services for the Sexually Transmitted Disease Program.
- \$5.1 million for anti-fraud software that applies pre-payment edits to claims. The anticipated cost avoidance totals \$6 million in Fiscal Year 2002.
- \$824,352 to enhance the existing comprehensive Cardiovascular Health Program. \$428,430 to increase the Division of Health Standards and Licensing's capabilities for lead abatement licensing and hospital licensing.
- \$424,726 for nine additional staff to enhance program integrity through efforts to detect and deter fraudulent activities and to process hospital cost reports in a timely manner.
- \$322,449 to enhance food borne disease investigations and improve epidemiological capabilities.
- \$291,696 for an HIV/AIDS program to improve prevention and coordinate services for those in need in the African-American community.
- \$275,872 for the laboratory services necessary to screen newborns for congenital adrenal hyperplasia.
- \$100,000 to increase the Model Health Agency Grant approved for Fiscal Year 2001.

Enhancing Support for Senior Citizens

Demographic information indicates that 18.1 percent of Missouri residents are over the age of 60 and seniors will comprise 26 percent of the state's population by 2025. The goal of promoting independence and quality of life for the elderly and disabled person with disabilities is a priority for the Governor. The budget provides significant increases for low-income elderly and disabled through the Medicaid program. His recommendations include:

- \$262.6 million for the increasing costs of prescriptions, caseload growth, increasing utilization of pharmacy prescriptions by the elderly and those with disabilities, implementation of a pharmacy benefit manager, and other anticipated increases.
- \$133.0 million for one-time grants to increase efficiency and quality of care in nursing homes.
- \$5.0 million to fund the remaining six months of rate increases for in-home providers not funded in Fiscal Year 2001.
- \$3.1 million to address premium increases for Medicare Part A, and to pay all or part of the Medicare Part B premiums for individuals whose incomes are between 120 percent and 175 percent of the federal poverty level.
- \$126,667 other funds to implement the Missouri Blindness Education, Screening, and Treatment Program SB 721 (2000).

REVIEW OF THE FISCAL YEAR 2001 BUDGET

The State of Missouri finished Fiscal Year 2000 in sound financial condition but in a weaker position than anticipated. Due to tax cuts passed during the 1999 legislative session, net general revenue collections grew only 0.1 percent. While under forecast, net general revenue collections were still less than two percent, \$116.5 million, below the consensus revenue estimate. Net general revenue collections finished below the consensus revenue estimate as a result of several factors. The first full year of implementation of the prescription drug tax credit authorized in SB 14 (1999) cost \$81.9 million compared to the \$20 million estimate. The additional costs are the result of more Missourians being eligible for the credit than predicted. While the additional cost of the senior prescription drug tax credit has contributed to the budget shortfall, it should be noted that the program provided needed prescription drug cost relief to about 450,000 elderly Missourians. The final legislation also incorporated changes made late in the legislative process that were not factored into the cost estimate. The downturn in the stock market as well as several administrative changes in processing taxes made by the Department of Revenue also negatively affected state revenue collections. Missouri's personal income grew 4.6 percent in Fiscal Year 2000, well ahead of the general inflation rate of 2.9 percent. The financial outlook for the state in Fiscal Year 2001 continues to be positive, as the Missouri economy appears poised for a year of steady growth. Missouri personal income growth is expected to be in the 4.5 percent range. The employment situation also remains excellent. As of November 2000, total employment in Missouri stood at nearly 2.9 million, about two percent greater than one year ago. The state unemployment rate was 2.9 percent, well below the 3.8 percent national rate in the same month.

THE ECONOMIC OUTLOOK:

U.S. Economy and Outlook

The U.S. economy is headed to its ninth consecutive year of real growth of two percent or better as measured by real Gross Domestic Product (GDP). For calendar year 2000, real GDP growth is estimated at 5.1 percent, a continuation of solid economic expansion achieved with little price inflation. For Fiscal Year 2001, it is expected that the inflation rate, as measured by the Consumer Price Index, will be 3.2 percent. While this is up a bit, it is quite low by historical standards. As was the case in 1999, the national employment situation remained bright throughout 2000. The U.S. unemployment rate for 2000 is expected to be 4.0 percent, roughly the same as in 1999. Mainstream economists regard the U.S. economy as being at virtually full employment.

With the U.S. economy slowing somewhat, there is inevitable talk of a possible recession. In fact, while most

forecasters expect slower growth in 2001, the chances of a recession appear remote. Indeed none of the 44 forecasting firms represented in the Blue Chip Consensus Forecast predict negative real GDP in 2001 or 2002. For Fiscal Year 2001 and 2002, the forecast of Macroeconomic Advisers is for real GDP growth of 3.7 percent and 2.9 percent respectively.

ECONOMIC PROJECTIONS		
	Increase	
<u>U.S.</u>	<u>FY 2001</u>	<u>FY 2002</u>
Real GDP	3.7%	2.9%
Consumer Prices	3.2%	2.5%
Consumption Expenditures	6.5%	4.9%
Corporate Profits	3.9%	0.6%
 <u>MISSOURI</u>		
Total Employment	0.9%	0.7%
Increase in Personal Income	4.7%	4.5%

The inflation rate is expected to be 3.2 percent in Fiscal Year 2001 and fall to 2.5 percent in Fiscal Year 2002. The U.S. unemployment rate is expected to remain around 4.0 percent. This combination will produce a so-called “misery” index (inflation rate plus unemployment rate) below eight percent. This would be quite low by recent historical standards. (From 1981 through 1992, the misery index averaged 11.7 percent.) While the U.S. economy is expected to remain strong, some weakening is expected due to the following factors:

- Stock market wealth has stopped rising. As consumers are less “wealthy”, consumer spending has slowed.
- Significantly higher natural gas and oil prices sap consumer spending and hurt confidence.

Overall, while a recession seems unlikely, the U.S. economy will be hard pressed to repeat the performance of the last several years.

The Missouri Economy and Outlook

The Missouri economy has continued to show vibrant growth over the recent era. This trend continued in 2000. The state unemployment rate in November 2000 was 2.9 percent. Total employment stood at 2,877,227, an increase of 2.1 percent over November of 1999. Missouri personal income growth continues to be in the 4.5 percent range, considerably ahead of the inflation rate.

The sources of Missouri’s economic growth are diverse. The state remains a center of automobile manufacturing with major General Motors, Ford, and Daimler Chrysler assembly facilities employing about 17,500 workers. Health care is also a strong and growing sector. From 1989 through 1999, “Health Care Services” employment grew from 204,559 to 253,315, or 24 percent. As the state population ages, we can expect continued growth in this field.

As was the case in 1999, the Missouri economy draws considerable strength from exports. Current estimates show Missouri exported \$8.4 billion of goods and services in 2000, up from the \$8.0 billion in 1999. Our largest exports remain chemicals and agricultural products. The five leading recipient nations of Missouri products are Canada (\$1.7 billion), Mexico (\$1.4 billion), Belgium (\$420 million), the United Kingdom (\$370 million), and Japan (\$330 million). With this diversity of markets, overall Missouri exports should remain strong in an uncertain international economic climate.

REVENUE ESTIMATES FOR FISCAL YEARS 2001 AND 2002

Forecasting revenues is an inherently difficult task, particularly during periods of economic transition and with much uncertainty abroad. Cooperation between the Governor and legislative leaders also remains critical for sound state budget policy. Governor Holden is committed to working constructively with legislators during the annual budget process to develop consensus revenue estimates.

For the Fiscal Year 2002 Executive Budget and appropriations process, a consensus estimate of revenues and refunds has been achieved. The revised Fiscal Year 2001 revenue estimate projects 5.5 percent gross collection growth and 5.8 percent net. The Fiscal Year 2002 revenue estimate projects 5.6 percent net growth over the Fiscal Year 2001 revised consensus revenue estimate.

Revenue Limitation Amendment

Calculations made pursuant to Article X of the Missouri Constitution show that total state revenues for Fiscal Year 2000 were below the total state revenue limit by \$380 million.

Missouri's constitutional revenue and spending limit provides that over time the growth in state revenues and spending cannot exceed the growth in Missouri Personal Income. The Missouri Constitution requires that the revenue and spending limit formula use the personal income figure supplied by the United States Department of Commerce Bureau of Economic Analysis (BEA). The personal income statistics are designed to measure current economic activity. Changes have been made in the methodology for computing the personal income statistics in recent years with significant effect on the state's revenue limit. In 1998 the BEA implemented a change that significantly lowered the revenue and spending limit beginning in Fiscal Year 1999. Personal income is the sum of all wages and salaries, proprietors and rental income, interest and dividend income, and transfer payments (such as social security and welfare). Personal income has never included capital gains made on direct investment in the stock market. In 1998, the BEA concluded that they were including capital gains made by mutual funds that invest in the stock market. The personal income statistics published by the BEA now deduct the value of mutual funds' capital gains from personal income - about a \$2 billion reduction in Missouri Personal Income. When applied to Missouri's constitutional revenue limit formula, this reduced the revenue and spending authority available by \$113 million and \$118 million for Fiscal Year 1999 and Fiscal Year 2000 respectively. This change reduced the personal income growth rate used to calculate Missouri's revenue limit to a lower level than flood-ravaged 1993.

In October 1999 the BEA, in its continuing effort to refine the national income statistics, announced additional changes in the methodology for computing personal income when it published new national figures. The main change in this revision is that government employee pension plans will now be recorded as personal income instead of government savings. The United States statistics published by the BEA in October 1999 using this methodology increased the figure for national personal income by 2.8 percent. In May 2000, the BEA published new personal income statistics for each state reflecting the new methodology. The result was a one-time increase to the level of personal income and should not have a significant impact on the personal income growth rate in future years. This change will permanently increase the personal income component and therefore the state's revenue limit. Future changes made by the BEA may significantly affect the computation of the state's revenue limit, both positively and negatively.

The Office of Administration projects that total state revenues will not exceed the total state revenue limit in Fiscal Year 2001 or Fiscal Year 2002. These preliminary calculations are subject to change as actual revenue

collections become known and as the federal government revises its estimates of Missouri personal income. In addition, the recent volatility in the stock market, if continued, could have an impact on this projection. The calculations project that total state revenues will be approximately \$427 million below the Article X revenue limit and \$509 million below the Article X refund limit in Fiscal Year 2001. With implementation of the tax changes recommended by the Governor for prescription drug benefits, it is estimated that total state revenues will be \$584 million below the Article X revenue limit and \$687 million below the Article X refund limit in Fiscal Year 2006.

TOBACCO SETTLEMENT

In November 1998, the National Association of Attorney Generals announced a national settlement agreement with five major tobacco companies. Missouri's Attorney General accepted the proposed agreement on behalf of the State of Missouri. The agreement is the largest settlement ever achieved by the state. Over the next 25 years, the state will receive about \$4.5 billion after adjustments for inflation and discounts.

Before Missouri can receive any funds from the settlement, the state must reach finality in its lawsuit. In order to participate in the settlement, Missouri must settle its case prior to December 31, 2001. Several parties filed a motion to intervene in the case. The Missouri Supreme Court denied their motion and refused to rehear the case. State specific finality in accordance with the lawsuit should be achieved in the next several months barring a federal appeal.

The amount of money that Missouri will receive is dependent upon a number of factors. Under the settlement agreement, any amount that Missouri is scheduled to receive will reflect adjustments for inflation and changes in the volume of sales by the manufacturers. In addition, the participating manufacturers may reduce payments for loss of market share or for actions by the federal government that would affect tobacco sales. These adjustments will be made on a year-to-year basis.

Missouri will receive initial (one-time) payments of about \$50 million per year for five years and annual payments thereafter. The timing of any payments is totally dependent upon Missouri's lawsuit reaching final status.

Governor Holden proposes a comprehensive plan for funds that will come to the state as a result of the tobacco settlement. More details on the plan can be found in the Healthy Families Trust Fund section of the Missouri Budget.

1. Accountability for the funds must be provided, including the following measures:

- A separate Healthy Families Trust Fund, which maintains its interest earnings, is being established by Executive Order to account for the tobacco settlement proceeds.
- A separate appropriations bill is being established to ensure that all Missourians can easily see how tobacco settlement proceeds are being used for state programs to improve the health of Missourians. A separate appropriations bill will ensure that Missourians know that no shell game is being used to hide the purpose to which the proceeds are directed.
- The Office of Administration will provide an annual accountability report on the amount of funds received and any expenditure of those funds.

2. All payments from money owed to Missouri prior to Fiscal Year 2002 must be considered one-time payments to be used for one-time expenditures. At this time, the state expects to receive approximately

\$319.5 million in one-time payments.

- The first use of the fund must be to ensure that the state balances its budget for Fiscal Year 2001 and Fiscal Year 2002. Therefore, approximately \$126.9 million will be directed to paying the additional costs of the state's prescription drug tax credit over the original \$20 million annual cost estimate for the program. In addition, \$89.3 million must be directed to pay the Fiscal Year 2002 cost of the prescription drug tax credit. Last year Governor Carnahan recommended, and the General Assembly considered, legislation that would have directed some of the tobacco settlement proceeds to a reserve fund to ensure budget stability. If that legislation had been properly passed, the reserve would have been available and would have been used for these costs. Helping pay for the prescription drug tax credit is an appropriate health care cost for using tobacco settlement proceeds. In the event that tobacco settlement payments are not received in Fiscal Year 2001, the capital improvements projects approved by the General Assembly for Fiscal Year 2001 will be cancelled and their funding will be used to pay for the prescription drug tax credit.
- \$43.4 million to assist the phase-in of the catastrophic prescription drug plan for Missouri seniors and the Missouri Pharmacy Assistance program. If the tobacco settlement funds are not received by the state in Fiscal Year 2001 Governor Holden recommends that \$126.9 million more be dedicated to a trust fund that will be spent over the next decade to ensure the financial stability of the catastrophic prescription drug plan for Missouri seniors.
- \$20 million for health care treatment and access.
- \$13.3 million for life sciences research.
- \$13.3 million for comprehensive tobacco prevention, education, and cessation efforts.
- \$13.3 million for early childhood care and education.

3. For all payments from money owed to Missouri in Fiscal Year 2002 and thereafter:

- 12.5 percent for a catastrophic prescription drug plan for Missouri seniors.
- 47.5 percent for health care treatment and access.
- 20 percent for life sciences research.
- 10 percent for comprehensive tobacco prevention, education, and cessation efforts.
- 10 percent for early childhood care and education.

DESEGREGATION

Court supervision of the St. Louis and Kansas City School Districts has ended. State desegregation payments in the Kansas City case ended in Fiscal Year 1999 pursuant to a settlement in 1997. With passage of SB 781 (1998), local voter approval of matching funds in February 1999 and court approval in March 1999, St. Louis desegregation operating budget payments ended in Fiscal Year 1999 with transfer costs and capital improvements payments to be phased out. Fiscal Year 2001 payments total \$50 million, with \$25 million for voluntary transfer costs, and \$25 million for capital costs. The Fiscal Year 2002 budget includes \$20 million for capital outlays in St. Louis. As these payments phase out pursuant to SB 781 and the settlement approved by the court, savings will be redirected to the school foundation formula for the benefit of school districts across the state, as required by state law.

The Fiscal Year 2002 recommendation for the school foundation formula contains ongoing desegregation savings of \$299.4 million, an increase of \$30 million over the Fiscal Year 2001 level. In addition, \$25 million was redirected to the Transportation Categorical program for local schools in Fiscal Year 2000 and continues in this year's budget. This brings cumulative ongoing savings redirected for education to \$324.4 million. By the

end of Fiscal Year 2002, a cumulative total of \$1,272.8 million in desegregation savings will have been distributed to Missouri schools.

FISCAL YEAR 2002 CAPITAL IMPROVEMENTS BUDGET

Missouri uses a biennial appropriations process for capital improvements. This approach recognizes that most capital improvement projects take two or more years to complete, since significant advance time is required for technical design and the competitive bidding process before actual construction can begin. During the second year of the biennium, funding is provided for critical projects that were not envisioned when the biennial budget was adopted, for completion of projects begun in prior years, and for use of one-time revenues that become available for major infrastructure improvements. The biennial capital improvement budget continues implementation of the voter-approved dedication of revenues to facilities maintenance and repair. The Governor’s capital improvement recommendations include:

- \$96.7 million for vital maintenance and repairs to state-owned facilities. \$50 million to acquire, develop, improve, and repair Department of Conservation facilities.
- \$11.7 million for improvements at state parks and historic sites statewide.
- \$11.4 million for repairs and improvements at State Board Operated Schools.
- \$5.6 million for repairs to public areas in the Capitol building based on an extensive study of repair and renovation needs.
- \$851,113 for improvements to veterans’ cemeteries at Higginsville and Springfield.
- \$500,000 to begin planning of a capitol riverfront overlook project in Jefferson City.

<u>Survey/Index of Comparison</u>	<u>Cumulative Growth since July 1990</u>
American Compensation Assoc. Survey of Compensation	49.7 percent
Employment Cost Index	40.4 percent
Consumer Price Index	31.3 percent
State Employees - Uniform Classification and Pay System	36.8 percent

FISCAL YEAR 2002 COMPENSATION PLAN

To deliver high-quality services, the state must be able to compete for qualified, high-performing employees at all levels of government. State employee compensation policy faces two problems. First, state employee salaries are on average 11.3 percent below the market rate. The table on the next page shows how employee salaries compare to the market based on various surveys and indexes. Second, the average percentage by which all classes are behind the market masks the fact that some jobs are paid at the market rate while others lag by more than 20-25 percent. This wide disparity makes it difficult for the state to recruit and retain employees in many job classes. Governor Holden is committed, within available funds, to providing fair and equitable compensation in state government to reward and retain high performing employees. While state revenue growth in Fiscal Year 2002 will not be sufficient to support a general compensation increase for state employees, significant increases for employee benefits are recommended by the Governor.

- Cost to continue Fiscal Year 2001 employee pay increase: \$12.8 million, including \$6.9 general revenue,

to continue the \$35 per month salary increase state employees began receiving in January 2001 in accordance with the budget passed by the General Assembly last year.

- Increased life insurance benefits for state employees: \$2,531,400, including \$1,697,585 general revenue, for the state to provide an increased life insurance benefit to state employees. In Fiscal Year 2002, employee life insurance benefits will be increased from \$15,000 to an amount equal the employee's annual salary due to HB 1808 (2000).
- Missouri Consolidated Health Care Plan: \$51,083,877, including \$35,183,115 general revenue, for increased costs to the state for participation in the Missouri Consolidated Health Care Plan. In order to ameliorate the burden of rising health care costs placed on state employees, the state has assumed responsibility for a larger percentage of total health care costs per employee.

STRATEGIC BUDGETING AND PLANNING

The Fiscal Year 2002 Executive Budget includes a forecast of general revenues, mandatory spending, tax refunds, and desegregation spending through Fiscal Year 2006. Rather than being viewed as a measure of the accuracy of long-range projection, the five-year outlook should be used as a tool to assess the future implications of current decisions and as an aid to strategic planning.

The five-year summary assumes base general revenue will grow at an average annual rate of about five percent for Fiscal Years 2002 to 2006 and reflects tax changes enacted at the federal and state levels. Tax refunds are projected to grow at about 4.9 percent for the period.

Desegregation costs reflect the final settlements in Kansas City and St. Louis. Successful continued implementation of cost containment in the Medicaid program is important to controlling the growth of future mandatory spending requirements. Changes in federal fiscal policy may dramatically impact the state's financial outlook.

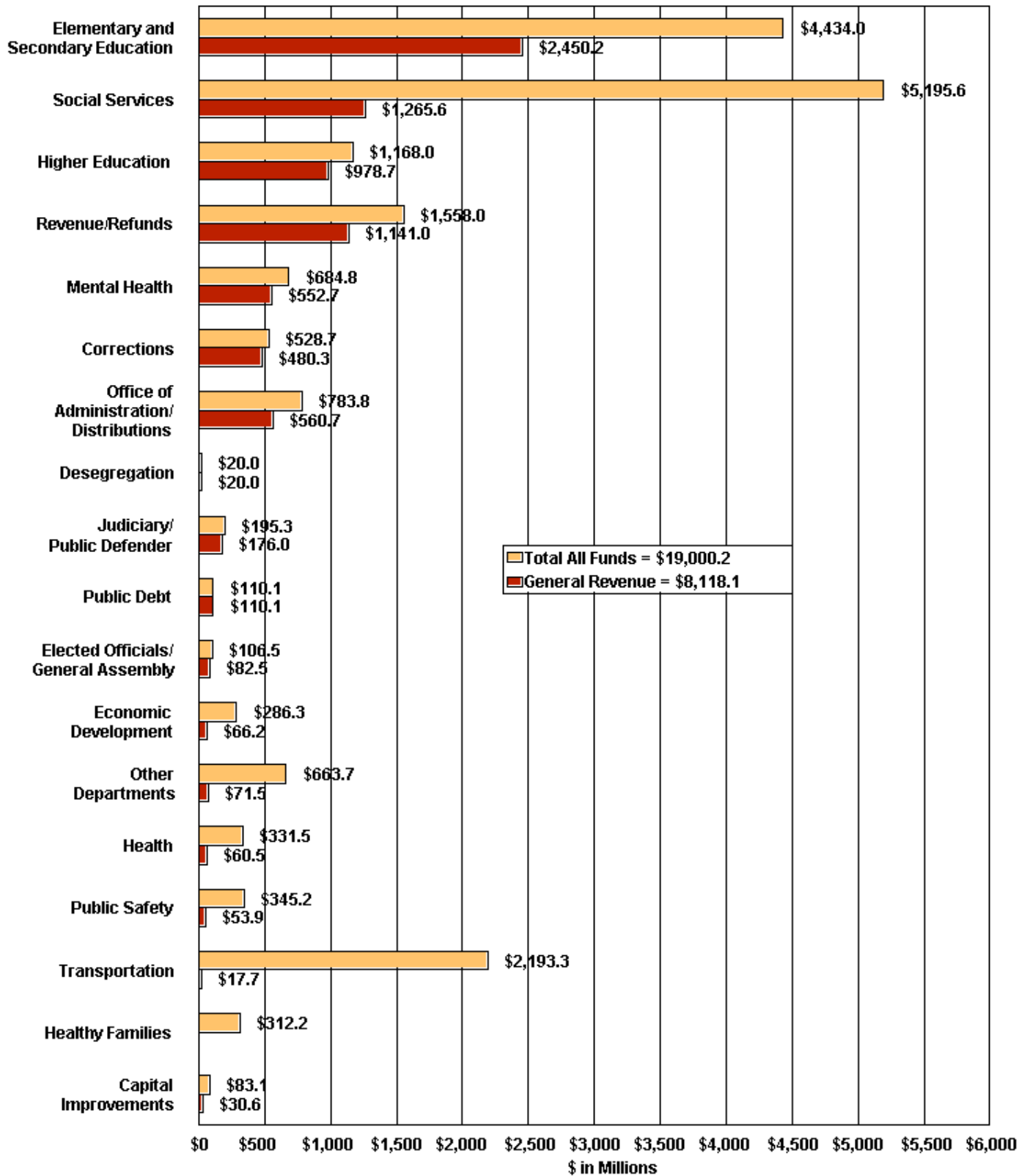
FIVE-YEAR GENERAL REVENUE OVERVIEW* (IN MILLIONS)

BUDGET OUTLOOK					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
<u>RESOURCES</u>					
Beginning Balance	\$ 2.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
Previous Year's Lapse	106.8	140.0	140.0	140.0	140.0
Revenue Collections/Transfers	7,607.0	7,955.4	8,328.1	8,714.4	9,120.6
Outstanding Schools Collections	451.3	479.0	508.7	540.8	575.2
Total Resources Available	\$ 8,167.1	\$ 8,574.4	\$ 8,976.8	\$ 9,395.2	\$ 9,835.8
<u>OBLIGATIONS</u>					
Operating Appropriations	\$ 6,113.5	\$ 6,399.4	\$ 6,727.5	\$ 7,032.7	\$ 7,332.1
Tax Refunds	1,068.3	1,108.7	1,163.9	1,222.3	1,283.9
Mandatory Increases	405.4	467.3	447.6	441.3	453.6
Program Enhancements	29.0	10.8	12.6	18.1	38.0
Capital Improvements	30.6	39.2	50.0	60.0	70.0
Outstanding Schools	451.3	479.0	508.7	540.8	575.2
Desegregation**	20.0	20.0	16.5	15.0	13.0
Supplemental Reserve/Adjustments	49.0	50.0	50.0	65.0	70.0
Total Obligations	\$ 8,167.1	\$ 8,574.4	\$ 8,976.8	\$ 9,395.2	\$ 9,835.8
Ending Balance	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0

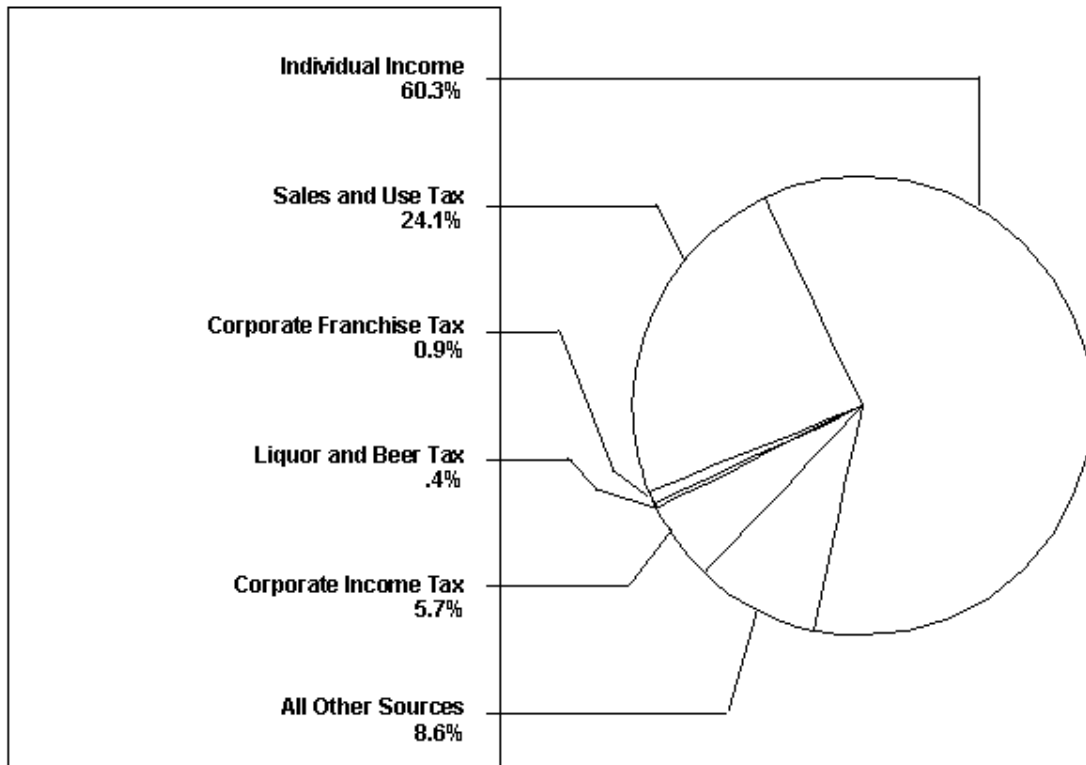
* Future budget uncertainties that could alter projections include economic activity or business cycle fluctuations, the effect of any federal tax law changes, and new federal and state legislation among others.

** Provides funding for St. Louis settlement.

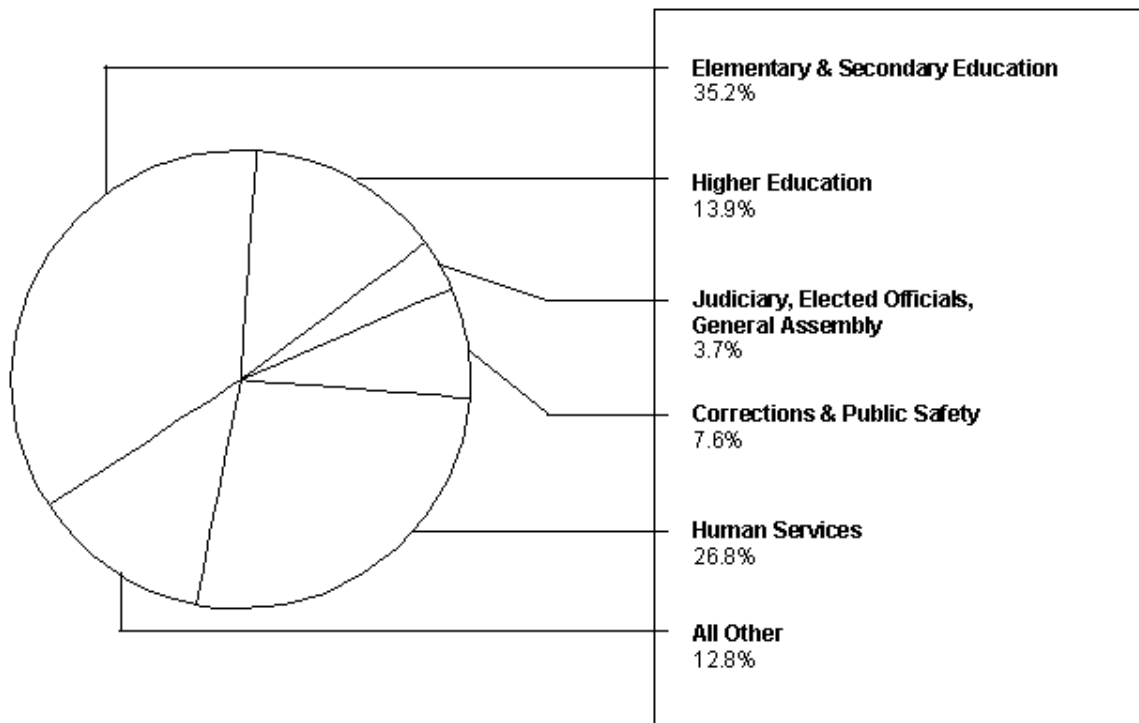
FY 2002 BUDGET RECOMMENDATIONS AND DESEGREGATION



REVENUES
GENERAL REVENUE RECEIPTS AND TRANSFERS
FISCAL YEAR 2002

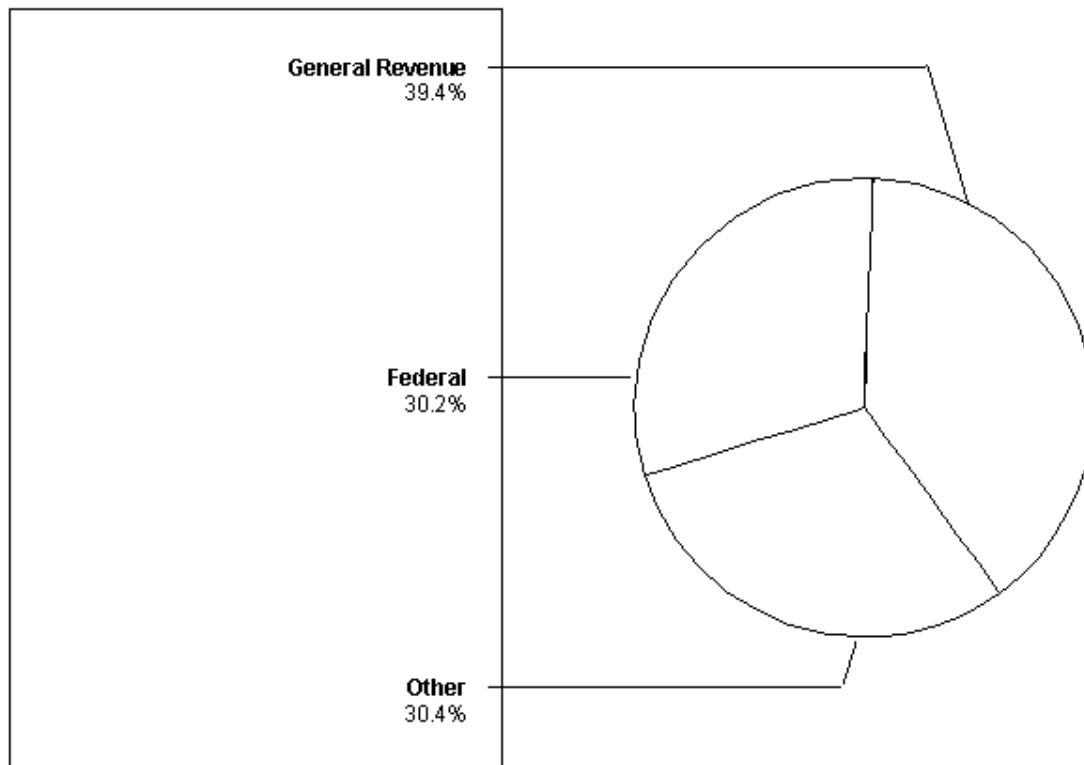


EXPENDITURES*
GENERAL REVENUE OPERATING BUDGET
FISCAL YEAR 2002



*Excludes tax refunds

**TOTAL STATE OPERATING BUDGET
SOURCES OF FUNDS*
FISCAL YEAR 2002**



GENERAL REVENUE RECEIPTS AND ESTIMATES

CONSENSUS REVENUE ESTIMATE

	<u>Receipts FY 1999</u>	<u>Receipts FY 2000</u>	<u>Estimated FY 2001</u>	<u>Estimated FY 2002</u>
Individual Income Tax	\$ 3,796,421,778	\$ 3,954,856,783	\$ 4,227,500,000	\$ 4,487,600,000
Sales and Use Tax	1,745,391,196	1,778,013,368	1,858,300,000	1,942,000,000
Corporate Income Tax	360,594,170	368,344,404	373,600,000	380,600,000
County Foreign Insurance Tax	145,801,930	147,315,302	149,200,000	151,400,000
Liquor Tax	19,314,275	20,356,943	20,500,000	20,500,000
Beer Tax	8,645,805	8,165,045	8,200,000	8,300,000
Corporate Franchise Tax	91,159,166	78,159,766	69,900,000	72,400,000
Inheritance/Estate Tax	120,578,663	132,700,432	160,000,000	153,000,000
Interest on Deposits and Investments	85,394,483	69,497,934	50,000,000	60,000,000
Federal Reimbursements	68,489,826	72,185,042	72,200,000	73,900,000
All Other Sources	104,498,859	117,586,057	115,000,000	118,000,000
Subtotal General Revenue Collections	6,546,290,151	6,747,181,076	7,104,400,000	7,467,700,000
Transfers to General Revenue	167,115,536	47,406,223	211,600,000	139,300,000
Outstanding Schools - Individual Income Tax	286,900,000	311,100,000	341,200,000	371,900,000
Outstanding Schools - Corporate Income Tax	78,400,000	74,600,000	76,400,000	79,400,000
Subtotal Outstanding Schools Collections	365,300,000	385,700,000	417,600,000	451,300,000
Total General Revenue	\$ 7,078,705,687	\$ 7,180,287,299	\$ 7,733,600,000	\$ 8,058,300,000

Note: Sales and use tax collections include local use tax funds sent to the state for refund FY 1999 (\$79,096,168).

GENERAL REVENUE SUMMARY

RESOURCES

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
Beginning Balance	\$ 161,421,826	\$ 50,949,277	\$ 1,990,320
Previous Year's Lapse (1)	195,358,584	136,485,016	106,840,368
Revenue Collections (2)	6,747,181,076	7,104,400,000	7,467,700,000
Outstanding Schools Collections (3)	385,700,000	417,600,000	451,300,000
Transfers to Fund (4)	47,406,223	84,700,000	50,000,000
Transfer from Healthy Families Trust Fund (5)	0	126,900,000	89,300,000
Total Resources Available	\$ 7,537,067,709	\$ 7,921,034,293	\$ 8,167,130,688

OBLIGATIONS

Operating Appropriations (6)	\$ 5,916,066,934	\$ 6,280,042,311	\$ 6,547,974,975
Refunds (7)	999,420,609	1,034,800,000	1,068,300,000
Capital Improvements Appropriations (8)	100,876,622	191,201,662	30,555,713
Confirmed lapse/withholdings	0	(112,100,000)	0
Outstanding Schools Transfer (3)	383,500,000	416,600,000	451,300,000
Supplementals/Increased Estimateds	30,347,606	51,000,000	45,000,000
Desegregation - St. Louis	53,476,585	50,000,000	20,000,000
Adjustments	2,430,076	7,500,000	4,000,000
Total Obligations	7,486,118,432	7,919,043,973	8,167,130,688
Ending Balance	\$ 50,949,277	\$ 1,990,320	\$ 0

NOTES TO GENERAL REVENUE SUMMARY

1. Unexpended appropriations are counted as a resource in the next fiscal year to avoid premature commitment of uncertain resources until actual lapses are known.
2. Consensus revenue growth rates for net revenue collections (after deducting refunds) are FY 2000 (actual), 0.1%; FY 2001, 5.8%; FY 2002, 5.6% (3.5% available for new appropriations).
3. The Outstanding Schools Act established additional revenues for education finance. An additional \$50 million was redirected to education reforms beginning in FY 1994.
4. Transfers to fund do not include cash flow loan repayments.
5. Transfer necessary from the Healthy Families Trust Fund (tobacco settlement payments) to pay for the cost of the prescription drug tax credit. The FY 2001 amount includes amounts above the original \$20 estimate for FY 2000 (\$61.9 million) and FY 2001 (\$65 million). The FY 2002 amount is the full cost of the prescription drug tax credit for that year.
6. Operating Appropriations for FY 2002 include a base of \$6,113.5 million, \$405.4 million in mandatory cost increases and \$29 million for program enhancements. Does not include cash flow loans.
7. Refunds reflect actual for FY 2000; the revised consensus estimate for FY 2001; and the consensus estimate for FY 2002.
8. FY 2001 includes \$35,942,508 approved in the biennial capital improvements bill and \$155,259,154 approved in the FY 2001 capital improvements bill.

FY 2002 OPERATING AND CAPITAL BUDGET SUMMARY

House Bill	FY 2000 Expenditure	FY 2001 Appropriation	Governor's Recommendation FY 2002
1 <u>Public Debt</u>			
General Revenue	\$ 100,514,395	\$ 107,854,037	\$ 110,063,279
Federal Funds	0	0	0
Other Funds	0	0	0
Total	<u>\$ 100,514,395</u>	<u>\$ 107,854,037</u>	<u>\$ 110,063,279</u>
2 <u>Elementary and Secondary Education</u>			
General Revenue	\$ 2,246,166,141	\$ 2,380,183,337	\$ 2,470,248,813
Federal Funds	533,247,232	680,555,780	793,057,581
Other Funds	1,075,782,861	1,179,196,561	1,190,711,268
Total	<u>\$ 3,855,196,234</u>	<u>\$ 4,239,935,678</u>	<u>\$ 4,454,017,662</u>
3 <u>Higher Education</u>			
General Revenue	\$ 878,432,055	\$ 960,430,936	\$ 978,736,489
Federal Funds	1,650,838	5,288,079	4,780,047
Other Funds	123,508,218	176,206,345	184,520,491
Total	<u>\$ 1,003,591,111</u>	<u>\$ 1,141,925,360</u>	<u>\$ 1,168,037,027</u>

4	<u>Revenue</u>			
	General Revenue	\$ 1,077,501,208	\$ 830,885,385	\$ 1,141,049,833
	Federal Funds	44,612	633,503	2,530,953
	Other Funds	391,540,024	409,279,672	414,376,684
	Total	\$ 1,469,085,844	\$ 1,240,798,560	\$ 1,557,957,470
4	<u>Transportation</u>			
	General Revenue	\$ 17,303,319	\$ 18,098,369	\$ 17,697,320
	Federal Funds	27,114,584	30,821,567	36,172,785
	Other Funds	1,406,380,440	1,397,140,324	2,139,421,088
	Total	\$ 1,450,798,343	\$ 1,446,060,260	\$ 2,193,291,193
5	<u>Office of Administration</u>			
	General Revenue	\$ 424,818,976	\$ 504,013,681	\$ 560,667,044
	Federal Funds	85,379,647	95,071,701	107,993,127
	Other Funds	91,754,220	103,097,317	115,116,963
	Total	\$ 601,952,843	\$ 702,182,699	\$ 783,777,134
6	<u>Agriculture</u>			
	General Revenue	\$ 13,820,692	\$ 14,715,758	\$ 15,089,514
	Federal Funds	474,566	1,521,705	1,656,235
	Other Funds	9,057,909	13,046,134	16,057,942
	Total	\$ 23,353,167	\$ 29,283,597	\$ 32,803,691
7	<u>Labor and Industrial Relations</u>			
	General Revenue	\$ 4,333,155	\$ 5,440,285	\$ 4,933,418
	Federal Funds	45,286,517	61,626,116	68,257,282
	Other Funds	44,119,602	48,423,656	51,040,385
	Total	\$ 93,739,274	\$ 115,490,057	\$ 124,231,085
8	<u>Public Safety</u>			
	General Revenue	\$ 47,248,297	\$ 54,428,420	\$ 53,923,466
	Federal Funds	56,710,959	77,727,654	88,604,040
	Other Funds	159,110,000	188,026,866	202,703,612
	Total	\$ 263,069,256	\$ 320,182,940	\$ 345,231,118
9	<u>Corrections</u>			
	General Revenue	\$ 417,873,544	\$ 445,771,690	\$ 480,281,450
	Federal Funds	3,741,687	9,350,000	5,629,126
	Other Funds	29,359,391	45,591,189	42,827,457
	Total	\$ 450,974,622	\$ 500,712,879	\$ 528,738,033
10	<u>Mental Health</u>			
	General Revenue	\$ 513,321,021	\$ 554,976,829	\$ 552,672,941
	Federal Funds	79,190,395	98,238,146	109,864,101
	Other Funds	22,262,651	22,280,586	22,283,700
	Total	\$ 614,774,067	\$ 675,495,561	\$ 684,820,742

10	<u>Health</u>			
	General Revenue	\$ 56,769,181	\$ 64,087,553	\$ 60,452,843
	Federal Funds	179,995,574	244,898,478	252,431,096
	Other Funds	13,085,818	17,370,767	18,583,332
	Total	<u>\$ 249,850,573</u>	<u>\$ 326,336,798</u>	<u>\$ 331,467,271</u>
11	<u>Social Services</u>			
	General Revenue	\$ 1,093,382,032	\$ 1,173,686,719	\$ 1,265,597,055
	Federal Funds	3,219,014,206	3,290,350,753	3,585,750,861
	Other Funds	220,476,396	243,825,560	344,253,213
	Total	<u>\$ 4,532,872,634</u>	<u>\$ 4,707,863,032</u>	<u>\$ 5,195,601,129</u>
12	<u>Elected Officials</u>			
	General Revenue	\$ 43,409,634	\$ 46,007,719	\$ 45,740,542
	Federal Funds	3,804,013	6,707,756	6,731,230
	Other Funds	15,785,640	16,007,191	16,672,414
	Total	<u>\$ 62,999,287</u>	<u>\$ 68,722,666</u>	<u>\$ 69,144,186</u>
12	<u>Judiciary</u>			
	General Revenue	\$ 130,888,089	\$ 147,922,727	\$ 146,206,481
	Federal Funds	6,731,717	11,563,471	12,165,612
	Other Funds	5,255,718	5,607,714	5,735,723
	Total	<u>\$ 142,875,524</u>	<u>\$ 165,093,912</u>	<u>\$ 164,107,816</u>
12	<u>Public Defender</u>			
	General Revenue	\$ 27,039,675	\$ 29,713,513	\$ 29,808,922
	Federal Funds	0	0	0
	Other Funds	696,500	939,114	1,339,534
	Total	<u>\$ 27,736,175</u>	<u>\$ 30,652,627</u>	<u>\$ 31,148,456</u>
12	<u>General Assembly</u>			
	General Revenue	\$ 30,023,991	\$ 37,520,494	\$ 36,772,310
	Federal Funds	0	0	0
	Other Funds	269,705	850,590	620,800
	Total	<u>\$ 30,293,696</u>	<u>\$ 38,371,084</u>	<u>\$ 37,393,110</u>
13	<u>Statewide Leasing</u>			
	General Revenue	\$ 20,930,676	\$ 25,252,613	\$ 28,881,096
	Federal Funds	12,621,257	17,503,209	17,799,220
	Other Funds	4,214,902	6,048,314	6,472,014
	Total	<u>\$ 37,766,835</u>	<u>\$ 48,804,136</u>	<u>\$ 53,152,330</u>
14	<u>Healthy Families Trust Fund</u>			
	General Revenue	\$ 0	\$ 0	\$ 0
	Federal Funds	0	0	86,958,691
	Other Funds	0	0	225,214,847
	Total	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 312,173,538</u>

15 Supplemental Recommendations

General Revenue	\$	34,928,015	
Federal Funds		59,499,398	
Other Funds		16,853,944	
Total	\$	111,281,357	

Total Operating Budget

General Revenue	\$	7,219,918,776	\$	7,533,720,326	\$	8,087,578,363
Federal Funds		4,396,257,666		4,868,037,158		5,364,746,944
Other Funds		3,906,362,708		4,352,452,065		5,464,754,188
Total	\$	15,522,539,150	\$	16,754,209,549	\$	18,917,079,495

**18 Capital Improvements -
Maintenance and Repair**

General Revenue	\$	0	\$	23,979,946	\$	27,898,015
Federal Funds		0		1,729,620		1,808,115
Other Funds		0		4,071,721		10,048,076
Total	\$	0	\$	29,781,287	\$	39,754,206

**19 Capital Improvements -
Construction**

General Revenue	\$	0	\$	11,962,562	\$	2,657,698
Federal Funds		0		800,000		5,825,200
Other Funds		0		41,167,063		34,904,034
Total	\$	0	\$	53,929,625	\$	43,386,932

**20 Capital Improvements -
Construction and one-time uses**

General Revenue	\$	100,876,622	\$	155,259,154	\$	0
Federal Funds		24,524,278		0		0
Other Funds		338,022,845		6,190,224		0
Total	\$	463,423,745	\$	161,449,378	\$	0

Total Capital Improvements Budget

General Revenue	\$	100,876,622	\$	191,201,662	\$	30,555,713
Federal Funds		24,524,278		2,529,620		7,633,315
Other Funds		338,022,845		51,429,008		44,952,110
Total	\$	463,423,745	\$	245,160,290	\$	83,141,138

GRAND TOTAL

General Revenue	\$	7,320,795,398	\$	7,724,921,988	\$	8,118,134,076
Federal Funds		4,420,781,944		4,870,566,778		5,372,380,259
Other Funds		4,244,385,553		4,403,881,073		5,509,706,298
Total	\$	15,985,962,895	\$	16,999,369,839	\$	19,000,220,633

Notes:

FY 2000 does not include \$178,843,080 Article X refund.

FY 2001 does not include \$98,861,466 Article X refund.

FY 2002 EXECUTIVE BUDGET

Leadership for Results

Governor Holden is dedicated to managing state government to achieve the results Missourians expect. More than that, the Governor has a dream of moving beyond today's expectations to a future that includes a high performance educational system, safe and healthy families and individuals, and a 21st century, world class economy. The Governor is taking immediate steps to position the state to move in the direction of that bright future.

Governor Holden's business-like leadership for results approach to state government is built on setting priorities, measuring success in achieving those priorities, driving better decisions to enhance success, and reporting on performance. This approach encourages fact-based decision making and innovation and recognizes the need for agencies to work together to drive significant improvements in priority results. Governor Holden is directing state agencies to improve state government performance, to find better ways to work together, and to make government programs more efficient and more responsive to the needs of the people they serve. A high level of achievement is expected.

The graphs on the following pages show where Missouri stands today on several key results. Missouri has been recognized as one of the best managed states in the nation in part because the state measures and reports on key results that indicate the well-being of the people who live and work in the state. These measures provide part of the basis for the state's future success. Using this knowledge as a starting point, Governor Holden will work with citizens across the state to chart the course to a bright future for Missouri. Governor Holden's vision is that Missouri's future will include:

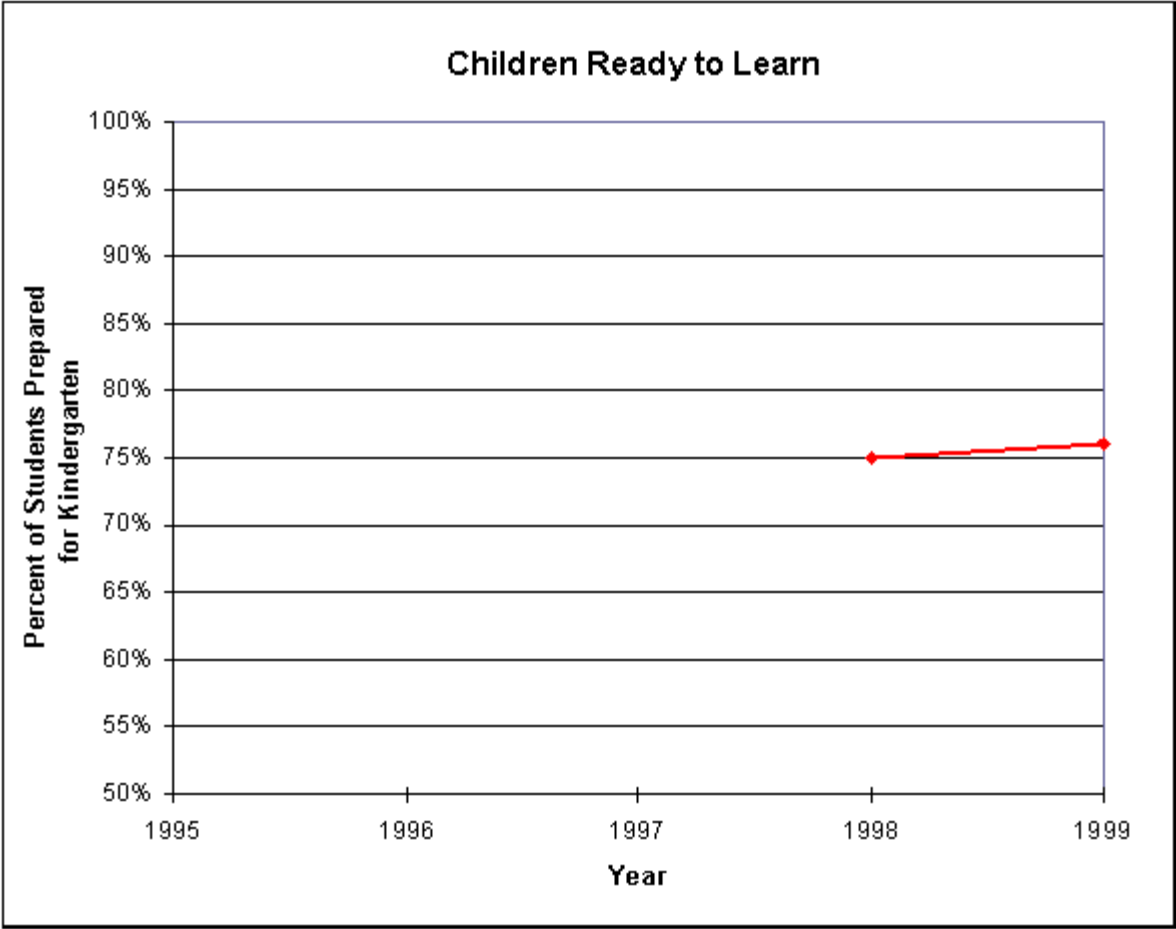
- Educated Missourians: Children ready to learn, successful students, and workers with high skills.
- Healthy Missourians: Healthy babies, decreased impact of disease, and clean air and drinking water.
- Safe Missourians: Protection against crime, family violence, and alcohol- and drug-related injuries.
- Prosperous Missourians: Thriving firms, farms, families, and communities.
- Responsible Government: Sound management and stewardship of the state's resources.

EDUCATED MISSOURIANS

Governor Holden is committed to high performance education and youth development. He knows it is vital to focus on increasing the number of children ready to learn, successful students, and workers with high skills. The Governor will work to ensure our children have access to quality early childhood experiences, that students are achieving knowledge and skills needed to graduate from high school and become successful adults, and that 14 years of education be affordable and commonplace.

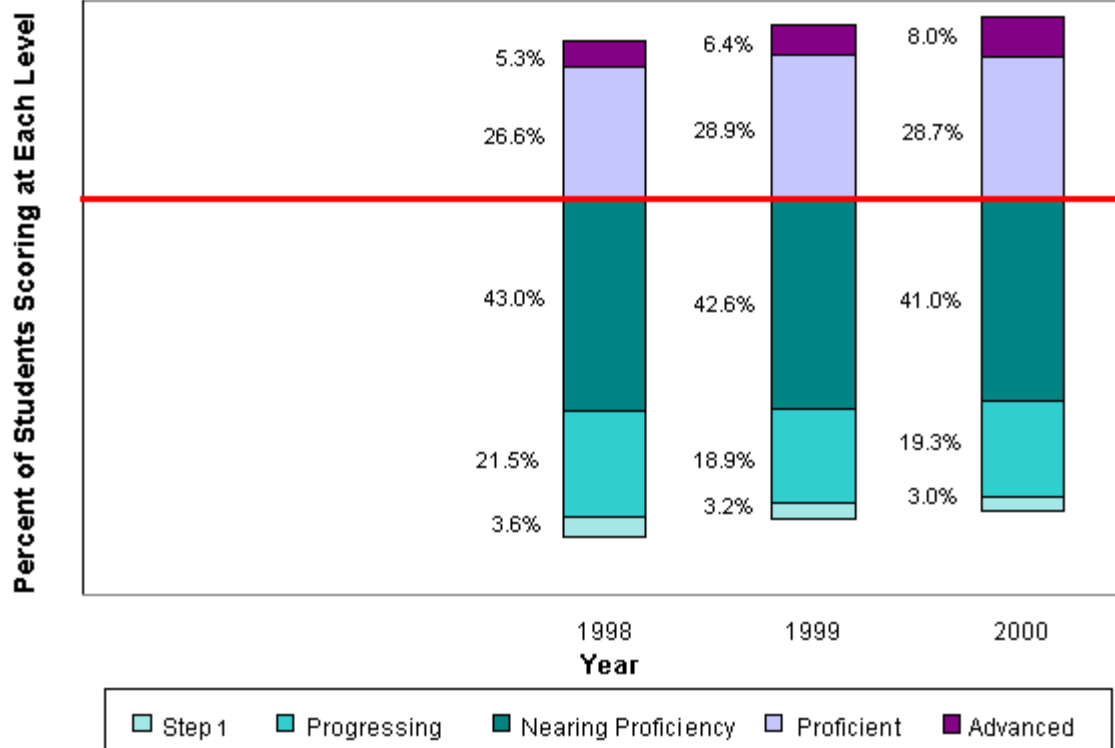
RESULT MEASURES

Governor Holden believes that early childhood care and education programs are a critical prevention effort. If children enter school ready to learn, they are much more likely to have success in the future. The following graph shows that in 1999, 76 percent of Missouri kindergartners were adequately prepared and ready to learn. A new measurement system was developed for this result in 1998 in order to provide a statewide estimate of children’s readiness for school.

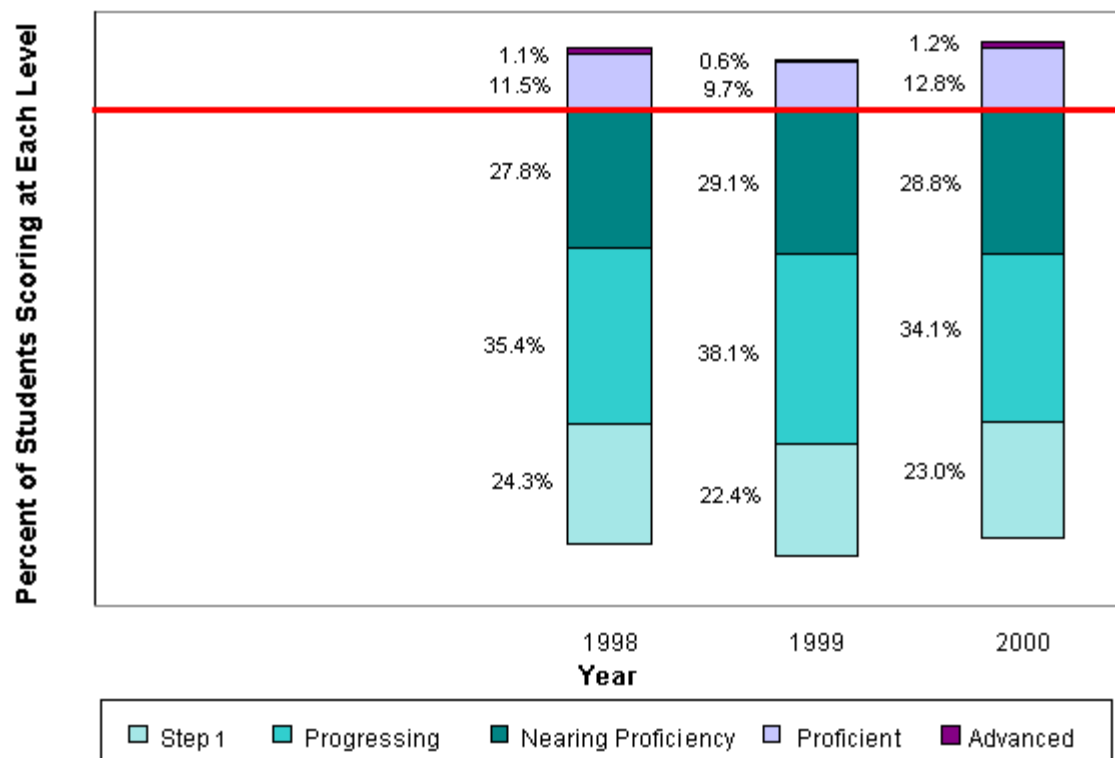


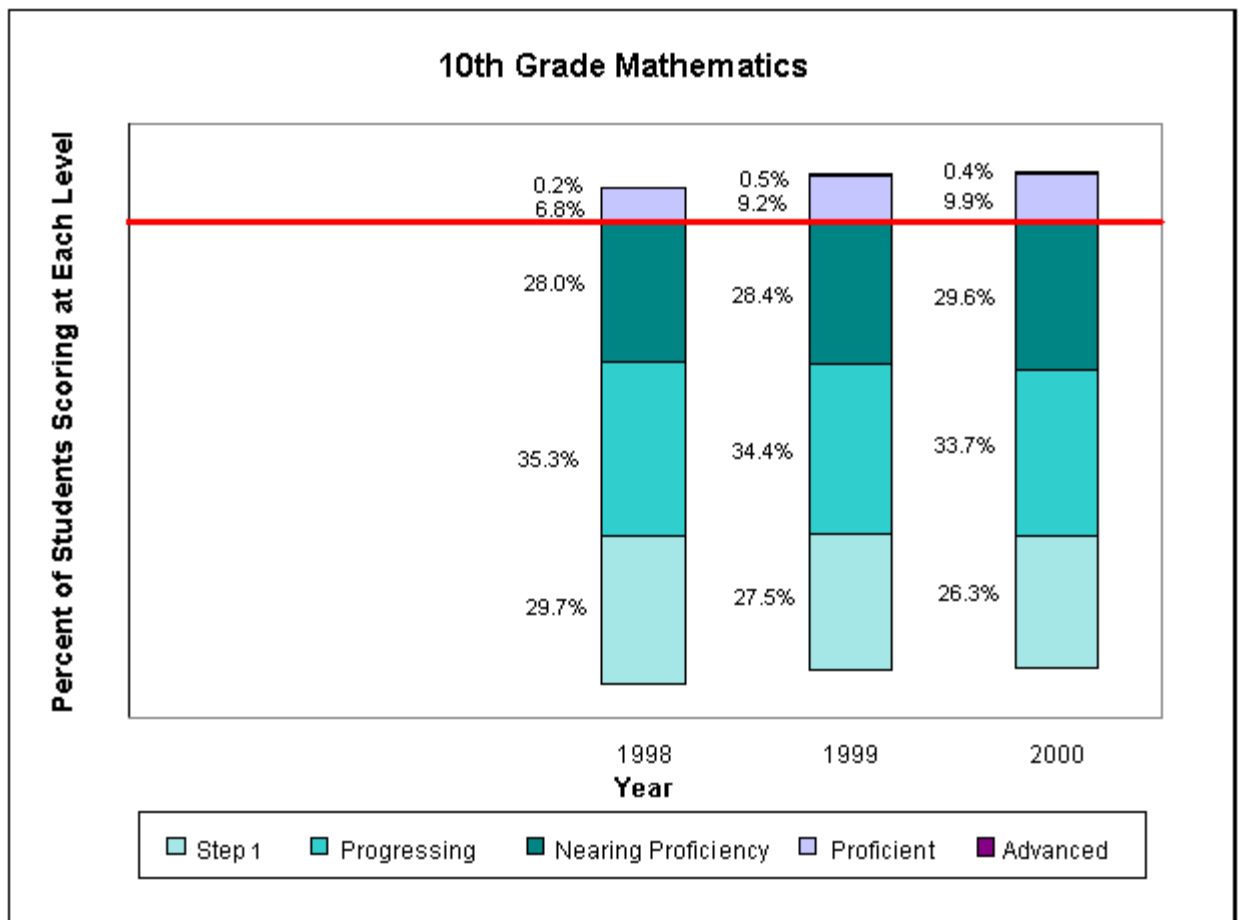
Students must have a strong foundation of knowledge and skills in basic subject areas and be able to apply what they know to real-world problems and new situations. Governor Holden understands that only by assessing how well elementary and secondary school students have learned vital skills, can real, substantive improvements be made. The following charts reflect achievements of 4th, 8th, and 10th graders in mathematics. Assessments have also been done on students’ knowledge of science, communication arts, and social studies.

4th Grade Mathematics



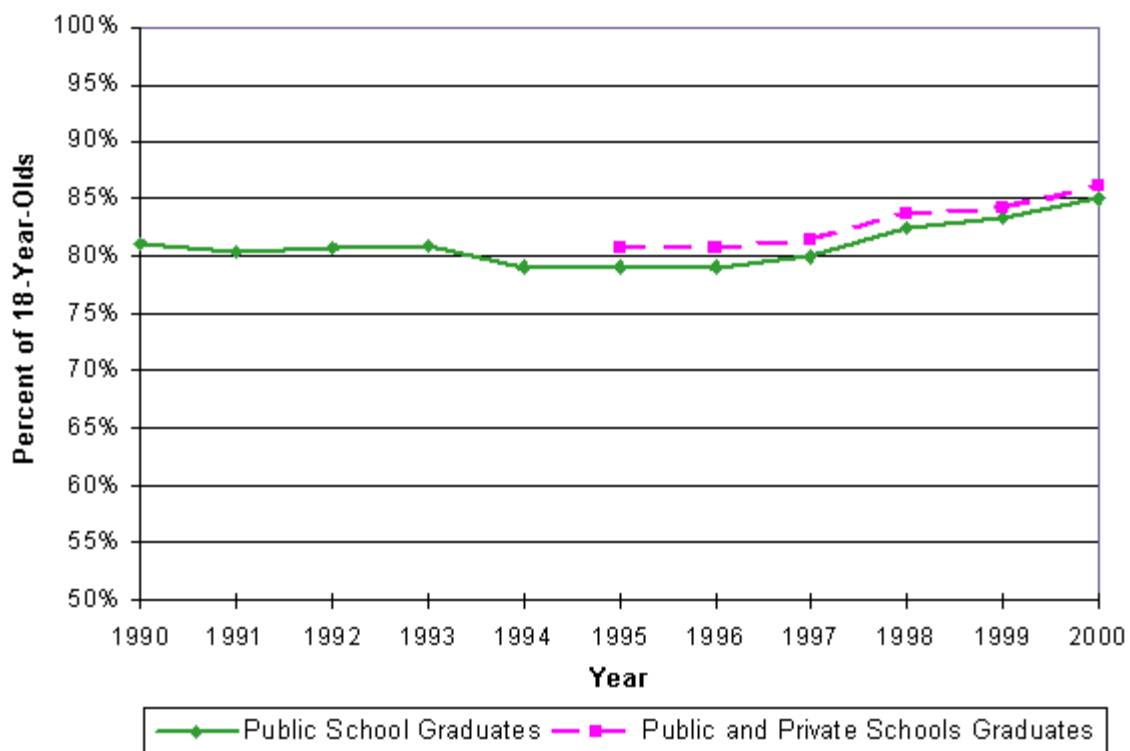
8th Grade Mathematics



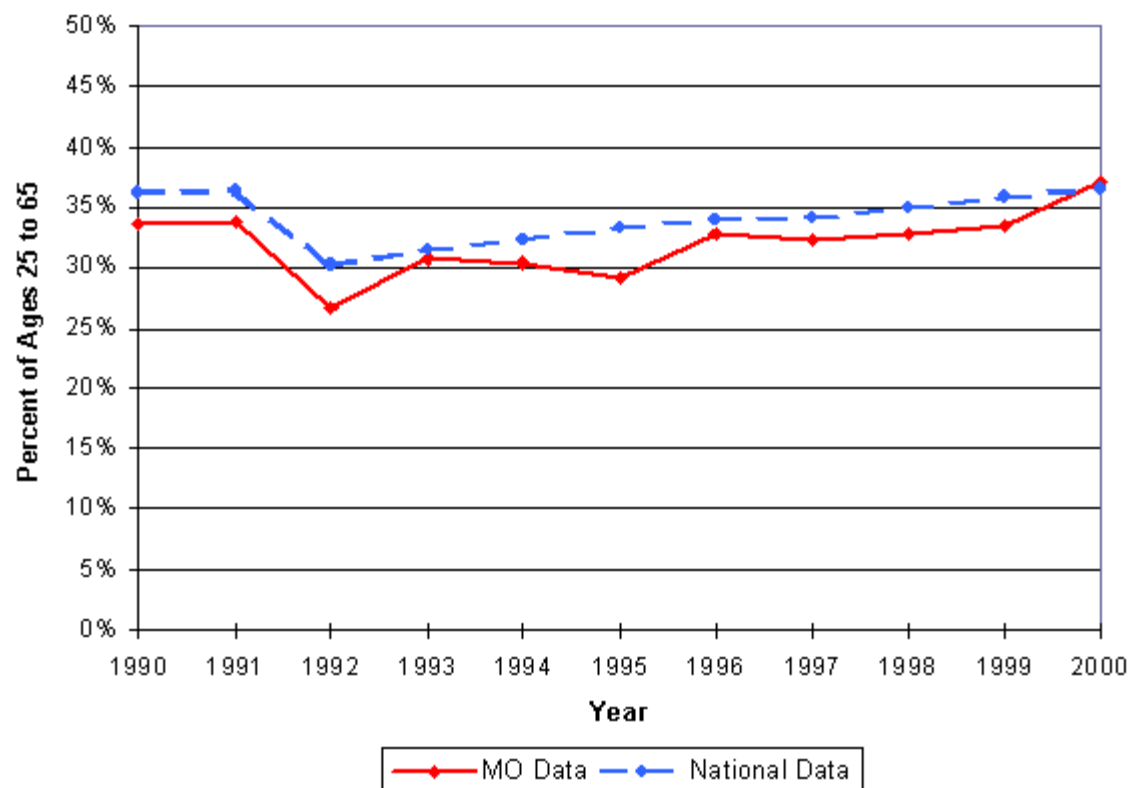


Governor Holden is committed to ensuring that Missouri's youth have completed their education and have attained the necessary job skills. As can be seen in the following graphs, in 2000, over 85 percent of 18-year-olds had attained a high school diploma or GED while the percentage of Missourians with 14 years of education had also risen to 37 percent.

Percent of 18-Year-Olds with a High School Diploma or GED



14 Years of Education

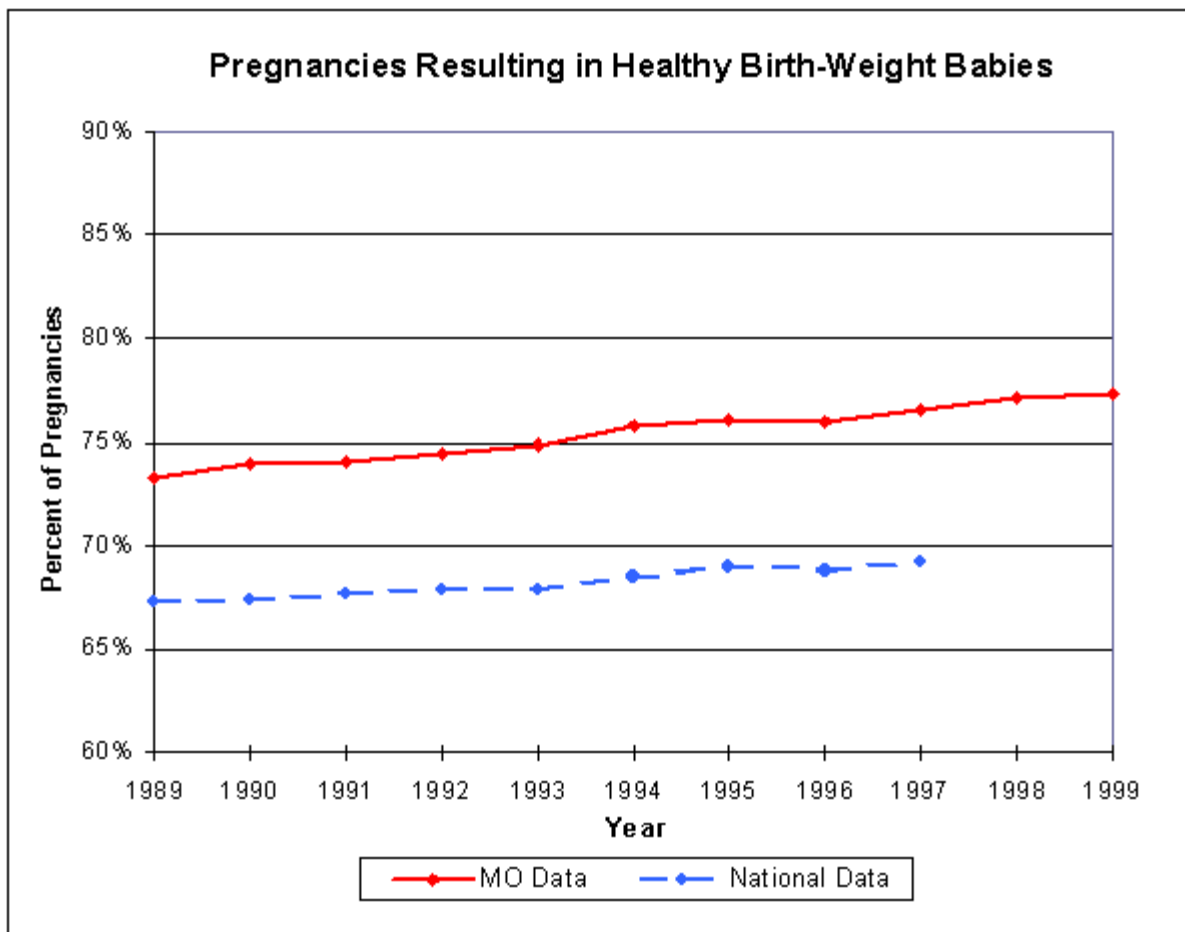


HEALTHY MISSOURIANS

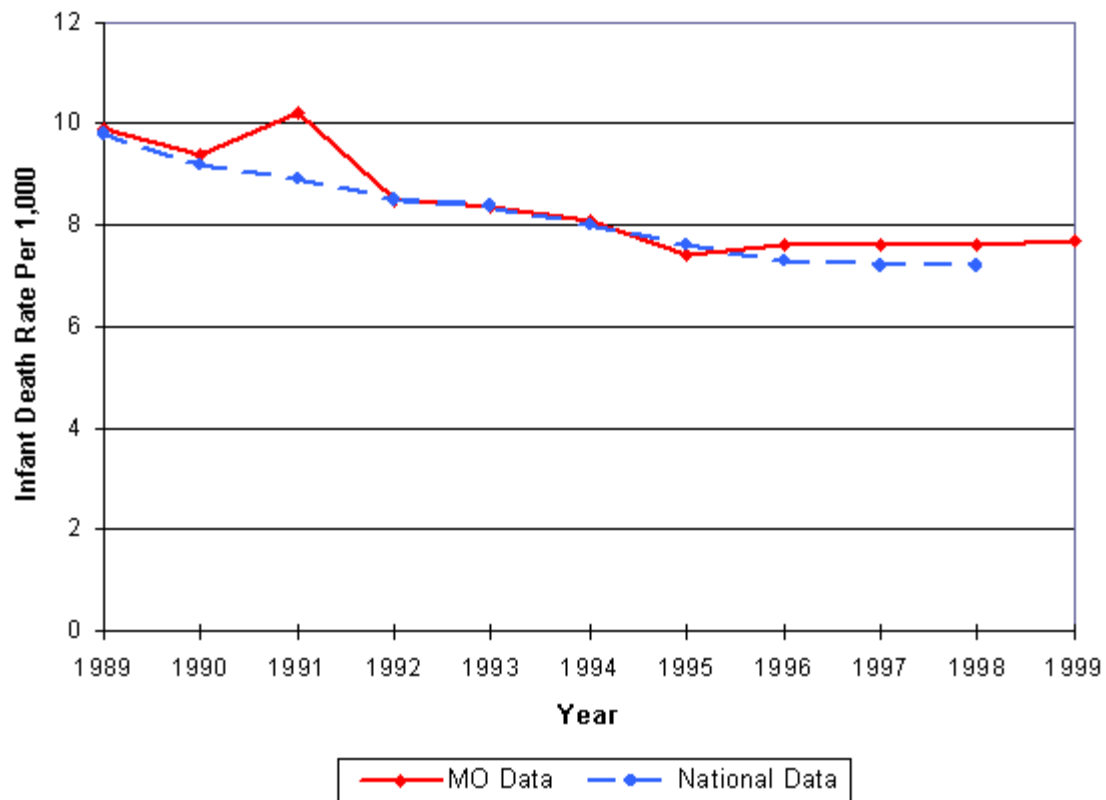
Governor Holden wants to support Missouri families by ensuring that all citizens, both young and old, lead healthy, productive lives. His priorities include ensuring healthy babies, decreased impact of chronic and infectious diseases, and clean air and drinking water.

RESULT MEASURES

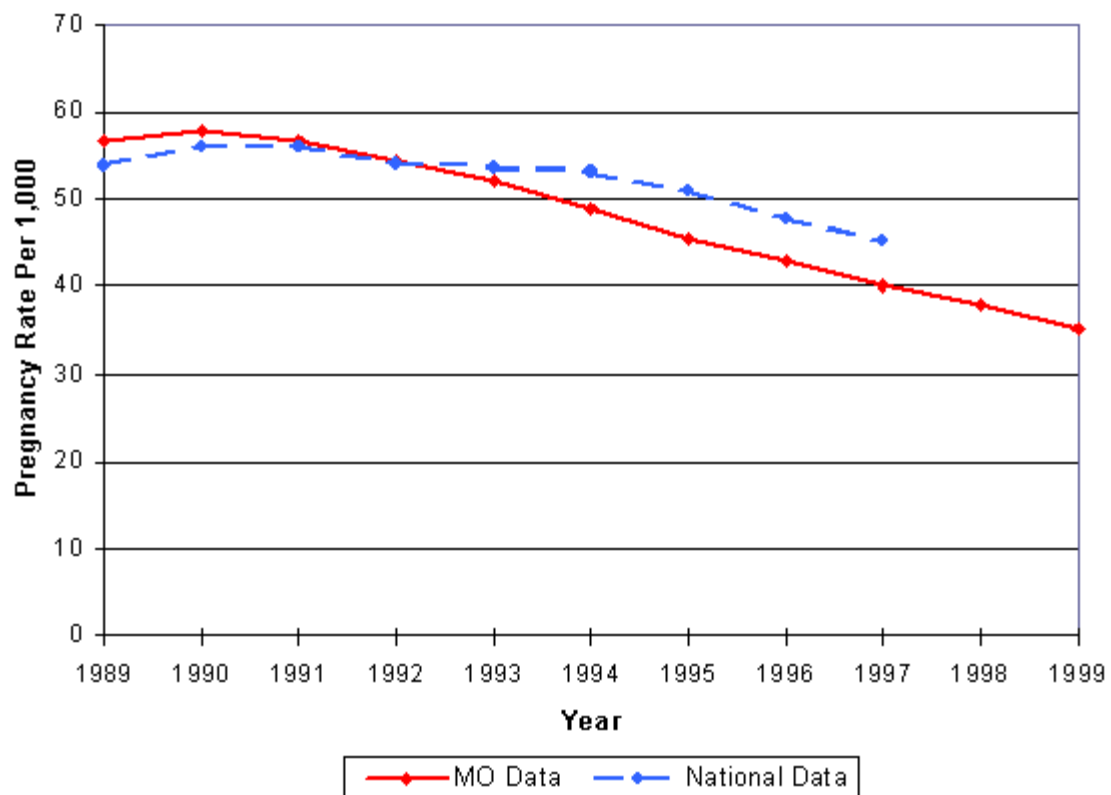
Governor Holden is dedicated to increasing the health of Missouri's children. As can be seen in the following graphs, over 77 percent of Missouri pregnancies resulted in healthy birth-weight babies in 1999. At the same time, the rate of infant deaths has remained level after significant declines in the early 1990's. Finally, the teen pregnancy rate has continued its dramatic decline falling from 58.0 per 1,000 females in 1990 to 35.1 per 1,000 females in 1999, a drop of over 39 percent.



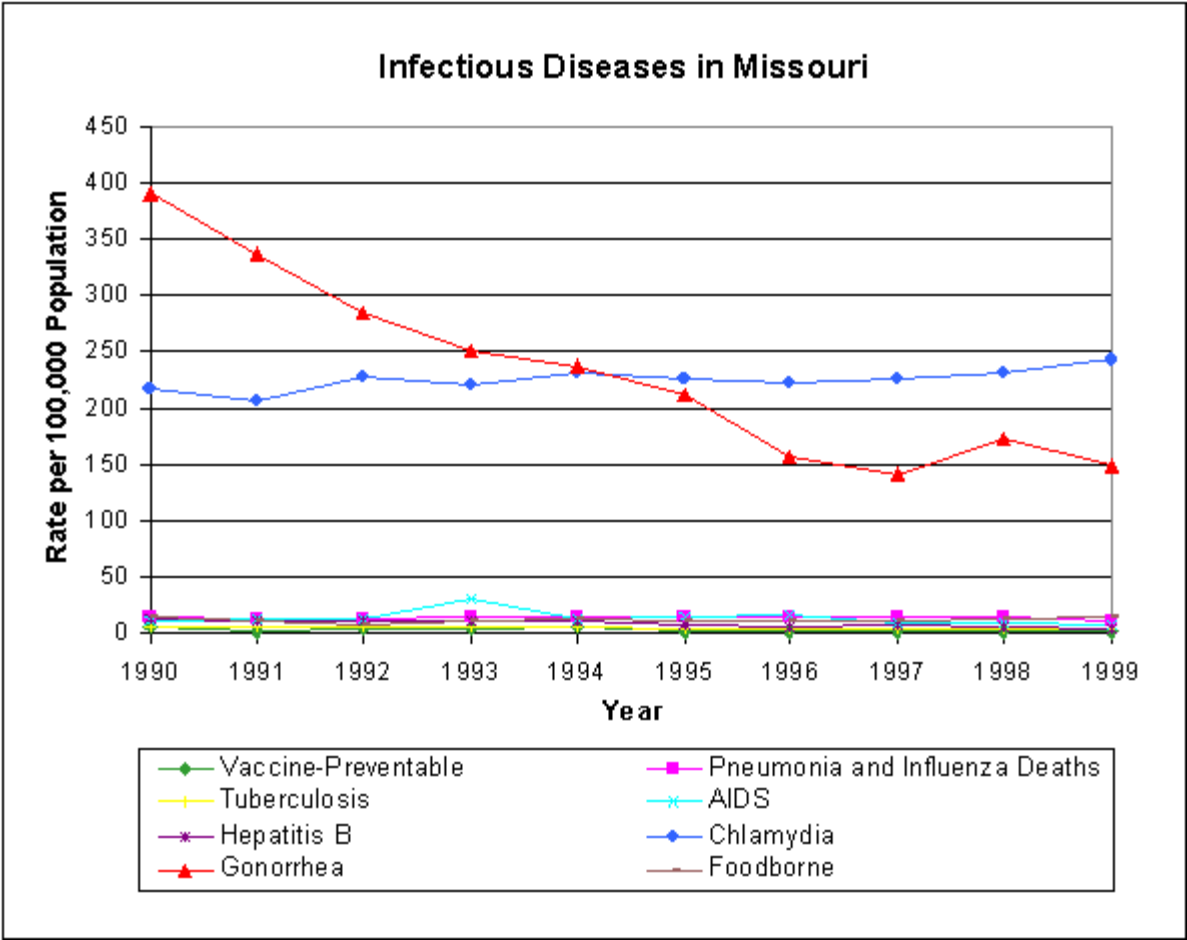
Rate of Infant Deaths Per 1,000 Births



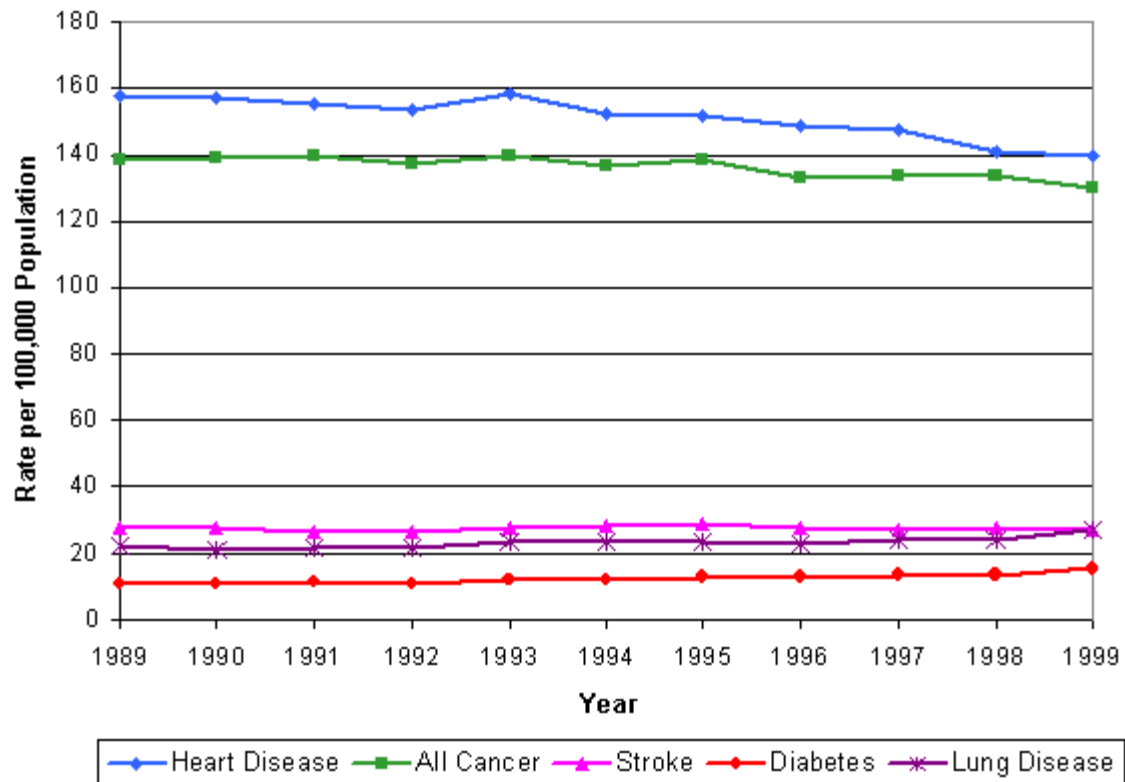
Pregnancy Rate Per 1,000 Females Under Age 18



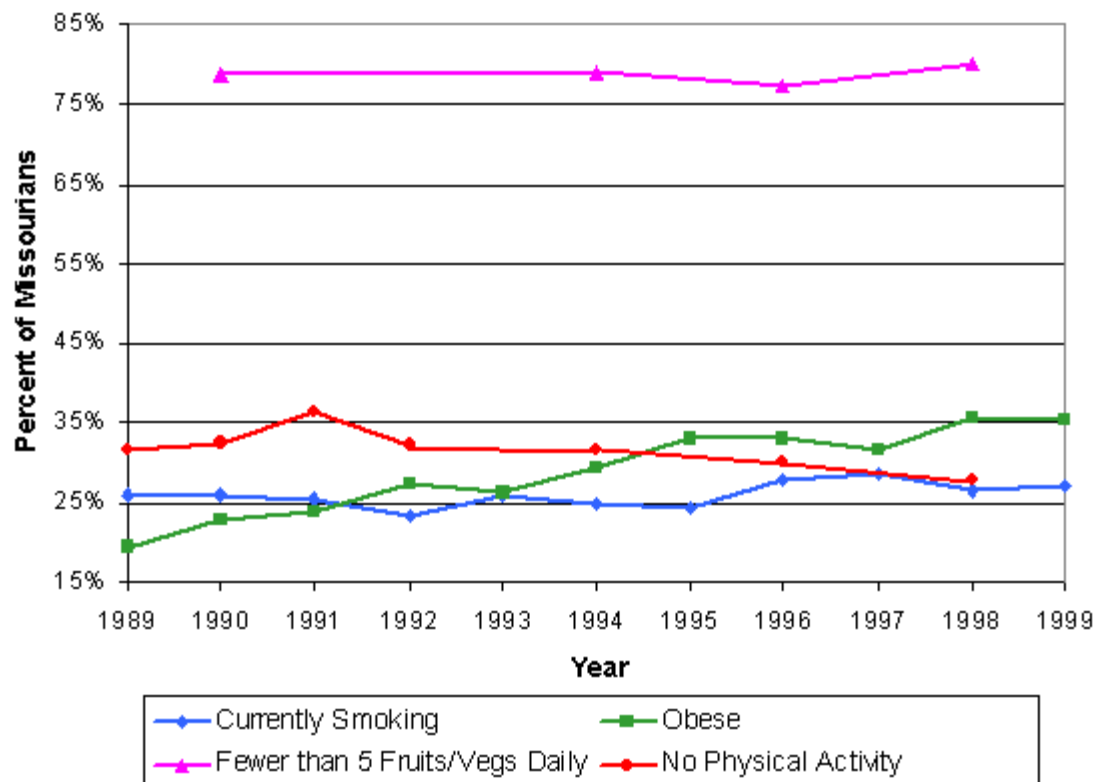
The following graphs illustrate how Missouri is faring in its battle against infectious and chronic diseases. The infectious disease rates in Missouri for vaccine-preventable diseases, tuberculosis, Hepatitis B, gonorrhea, pneumonia and influenza, and AIDS have all decreased since 1990. Only the rates of chlamydia and foodborne diseases have increased during that period. Chronic disease rates take many years to impact; therefore, the chronic disease mortality rate chart shows less dramatic movements. The chronic disease rates in Missouri for heart disease, cancer, and strokes have all decreased since 1990. Only the rates for diabetes and lung disease have increased. Because of the long period of time that is needed to see improvements in the chronic disease rates, an analysis of health risk factors is very important. As can be seen below, Missourians are increasing their level of physical activity. In addition, the percent of those who are obese, while still much too high, decreased very slightly in 1999. However, unhealthy eating is becoming more prevalent among Missourians and smoking, which had declined in 1998, rose again in 1999 to a level of 27 percent of all Missourians.



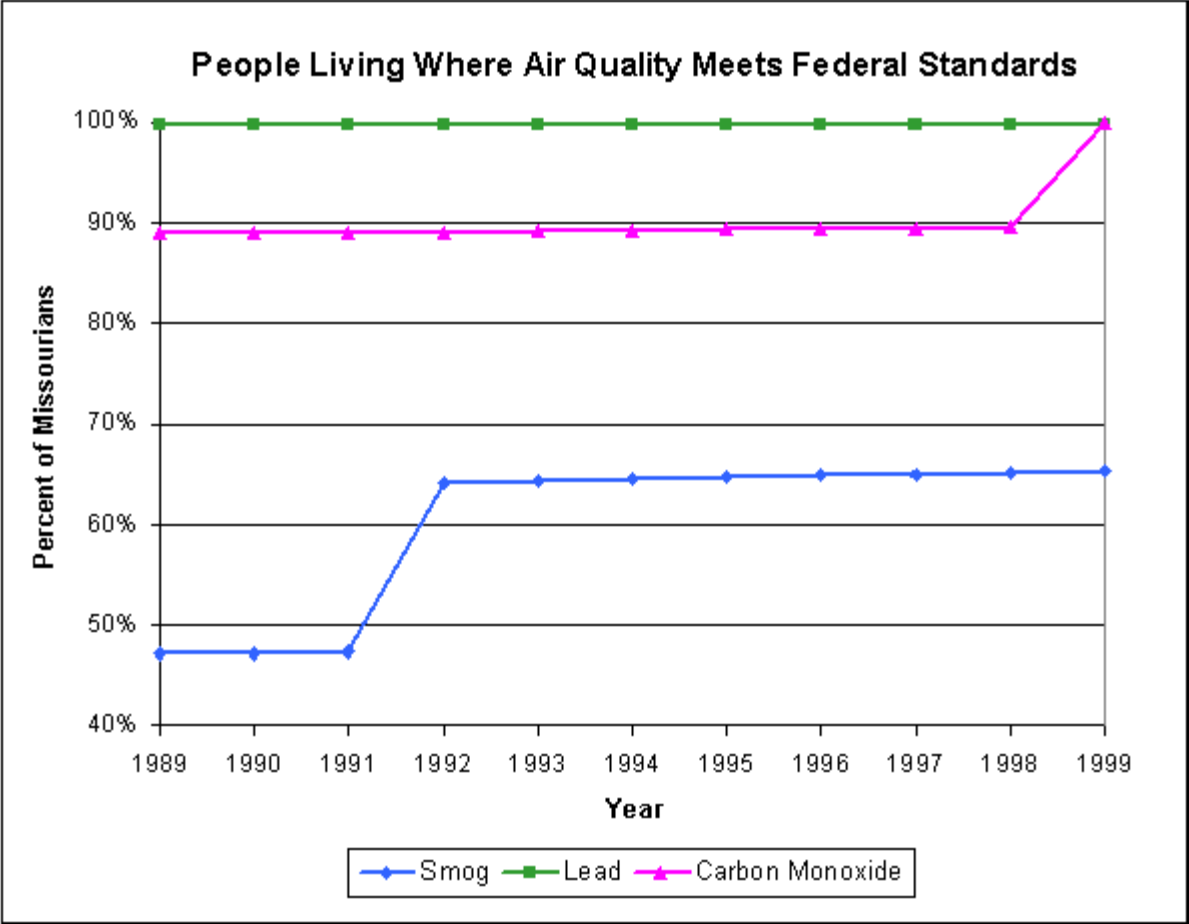
Mortality Rates for Chronic Disease in Missouri

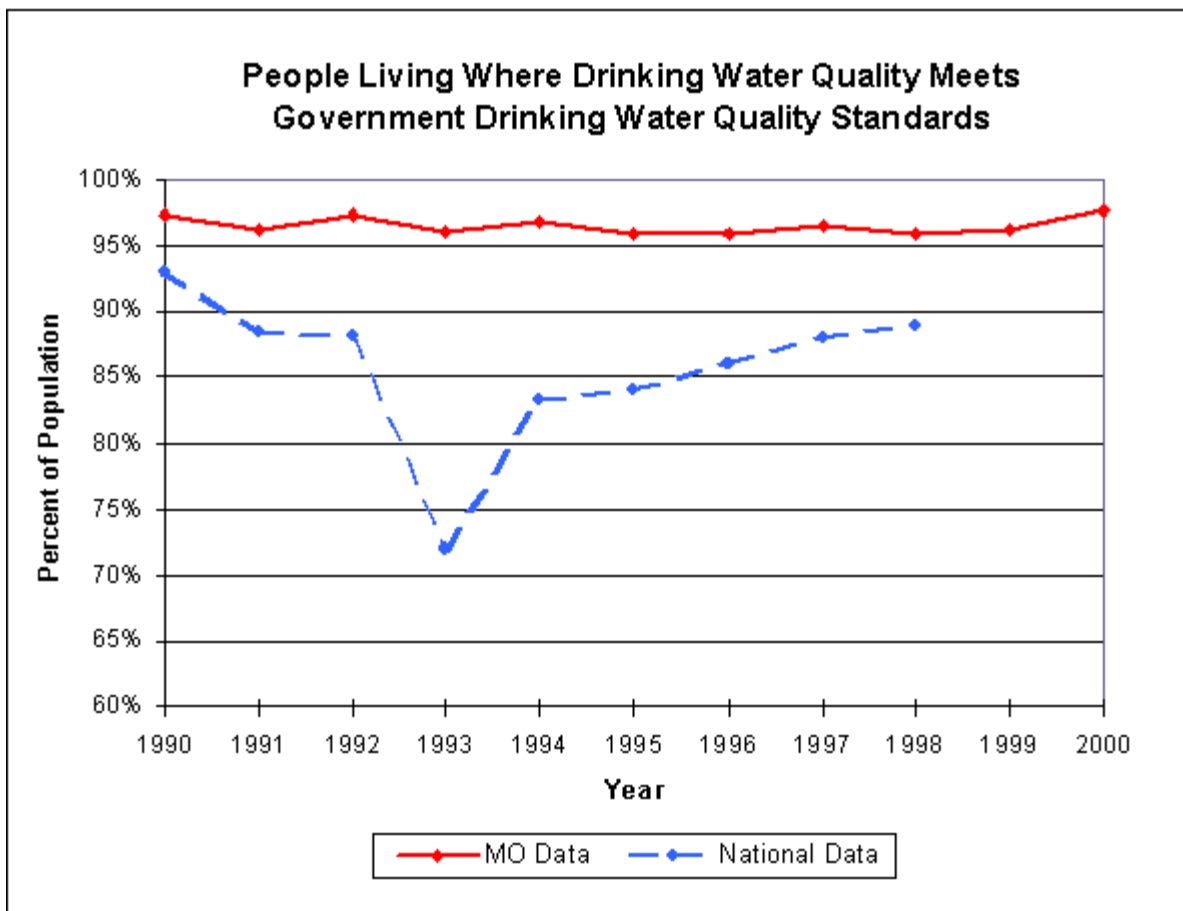


Adult Health Risk Factors In Missouri



Governor Holden is committed to ensuring that Missourians have clean air to breathe and clean water to drink. The following graphs show that while smog remains a problem for too many, the levels of lead and carbon monoxide in the air meet federal standards for nearly all Missourians. Drinking water also remains clean with water quality meeting federal standards for almost 98 percent of all Missourians.



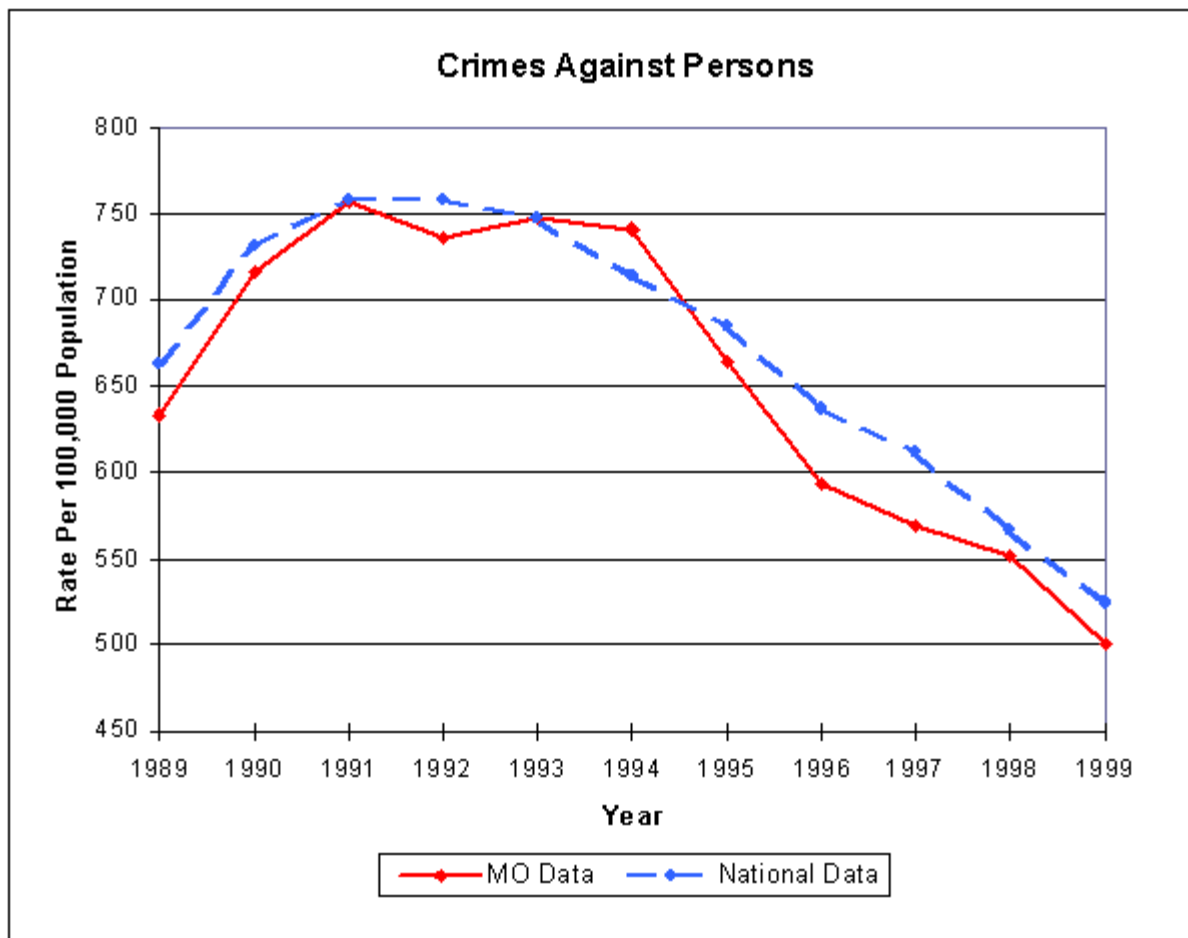


SAFE MISSOURIANS

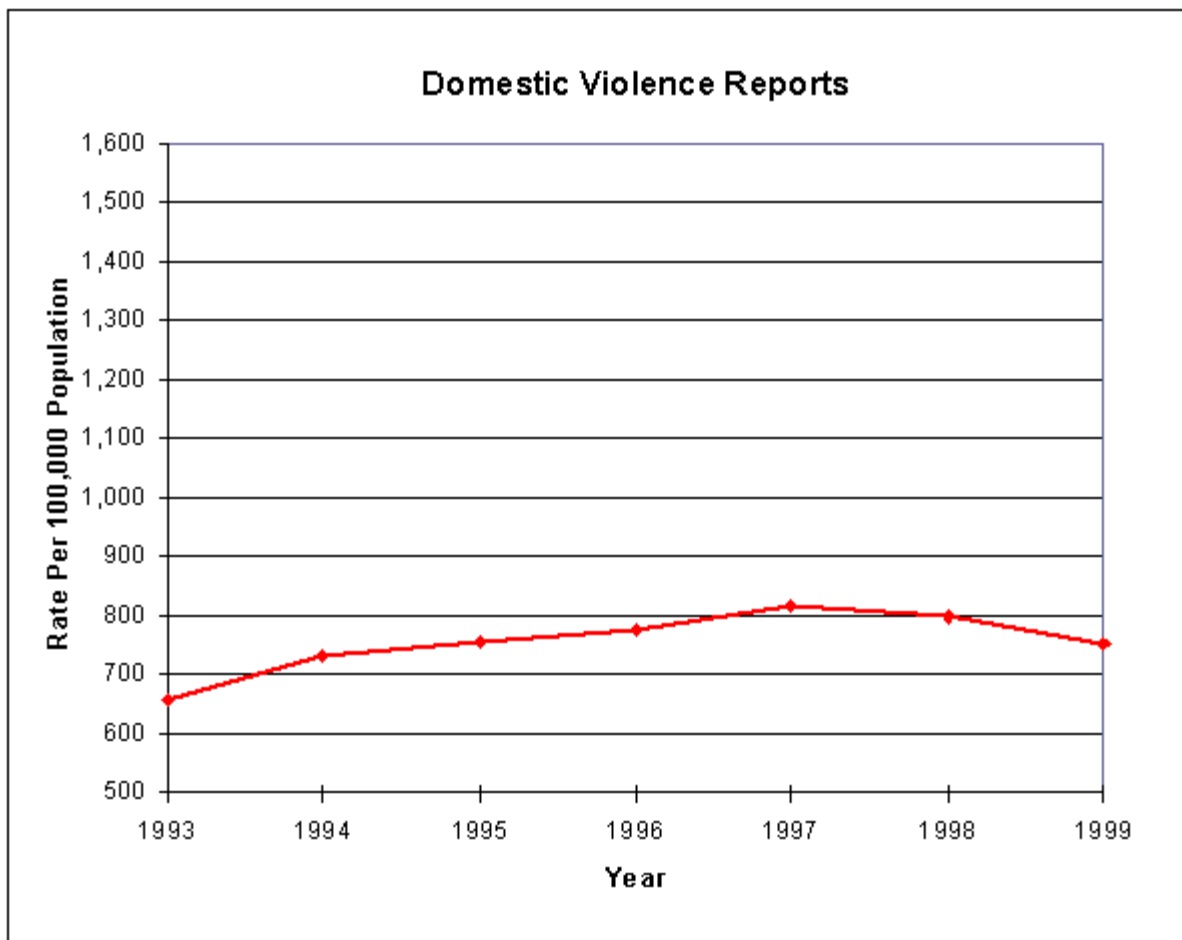
Governor Holden recognizes that few obligations of the state are more important than protecting citizens from the plague of crime. He is committed to combating this problem with aggressive actions in order to make our communities safer places to live - places where citizens are protected against crime, family violence, and alcohol and drug-related injuries.

RESULT MEASURES

As can be seen in the following graphs, Missouri's violent crime rate has dropped dramatically in recent years. In 1991, the rate of crimes against persons was 757 per 100,000 Missourians. By 1999, that number had fallen to 501 violent crimes per 100,000 Missourians - a drop of 34 percent. Crimes against property have also fallen during that time period, from a rate of 4,634 crimes per 100,000 Missourians in 1991 to 4,122 crimes per 100,000 Missourians in 1999.



It is imperative that Missouri's families are protected from domestic violence. The following graph illustrates how reports of domestic violence are on the decline, decreasing to 754 reports per 100,000 Missourians in 1999.



Governor Holden is dedicated to decreasing the number of lives needlessly lost to alcohol and drug abuse. The following graph shows how the percent of alcohol-related traffic crash deaths has declined, reaching a low of 28 percent in 1999.

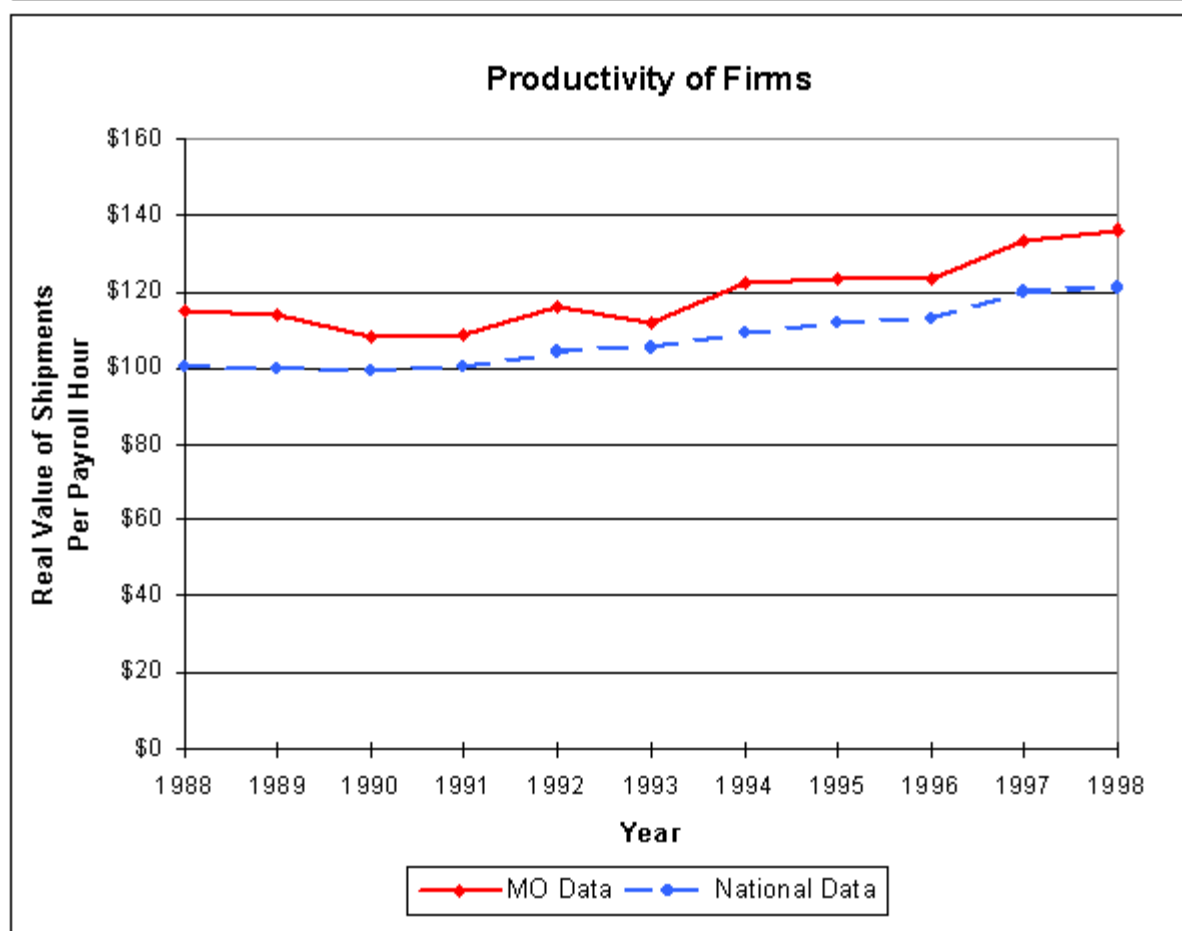
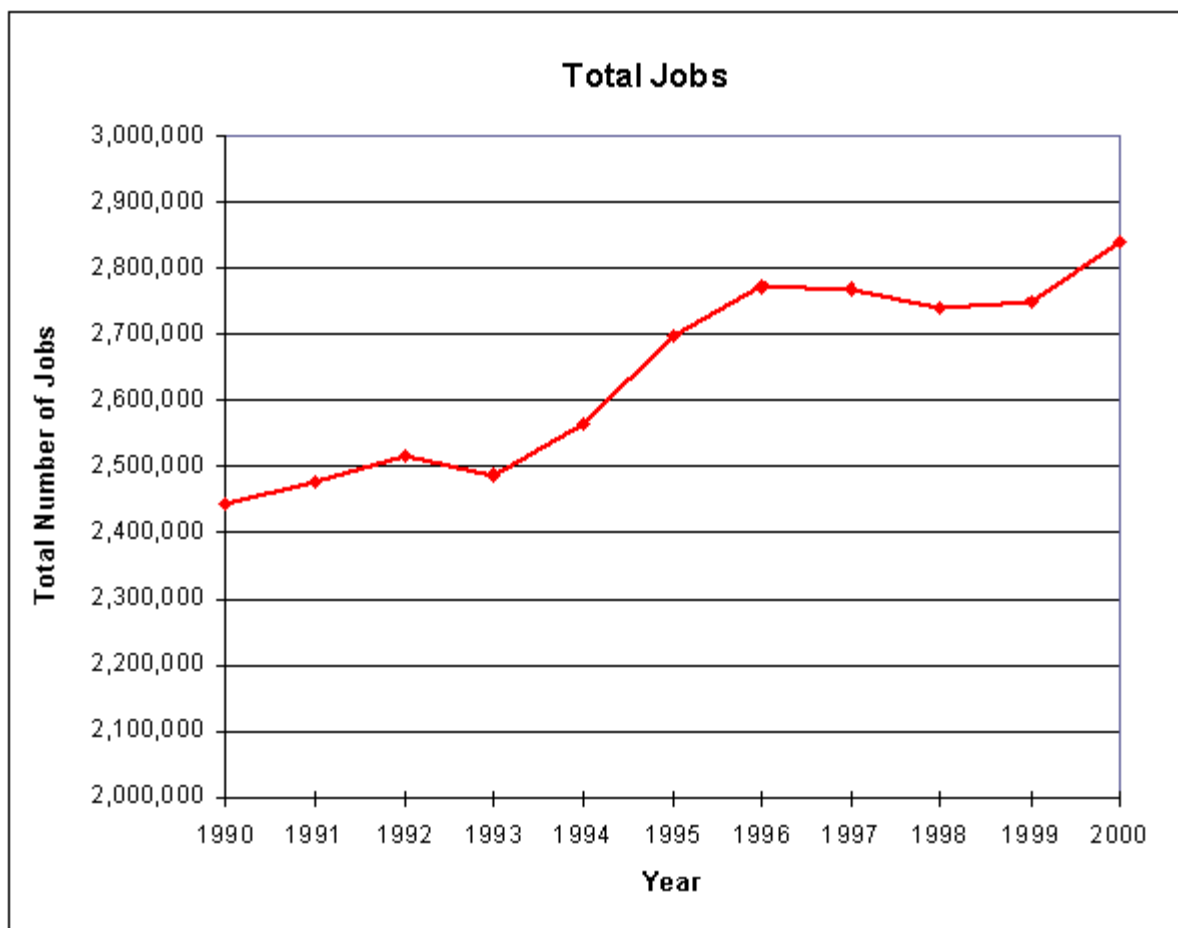


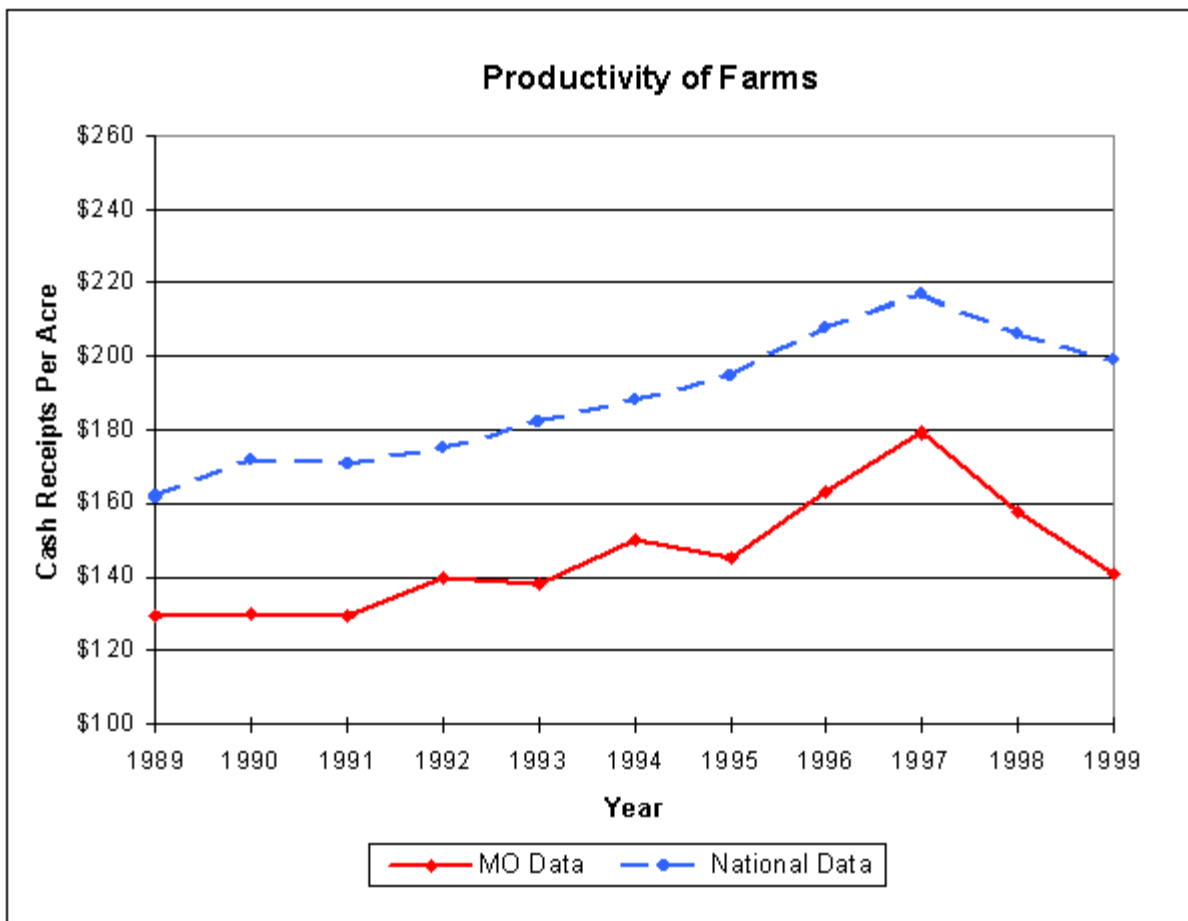
PROSPEROUS MISSOURIANS

Governor Holden is committed to ensuring that Missouri has a 21st century, world class economy which includes prosperous Missouri firms, farms, families, and communities. It is a priority of Governor Holden to support Missouri families by reducing welfare caseloads, moving families above the poverty level, and providing access to health care.

RESULT MEASURES

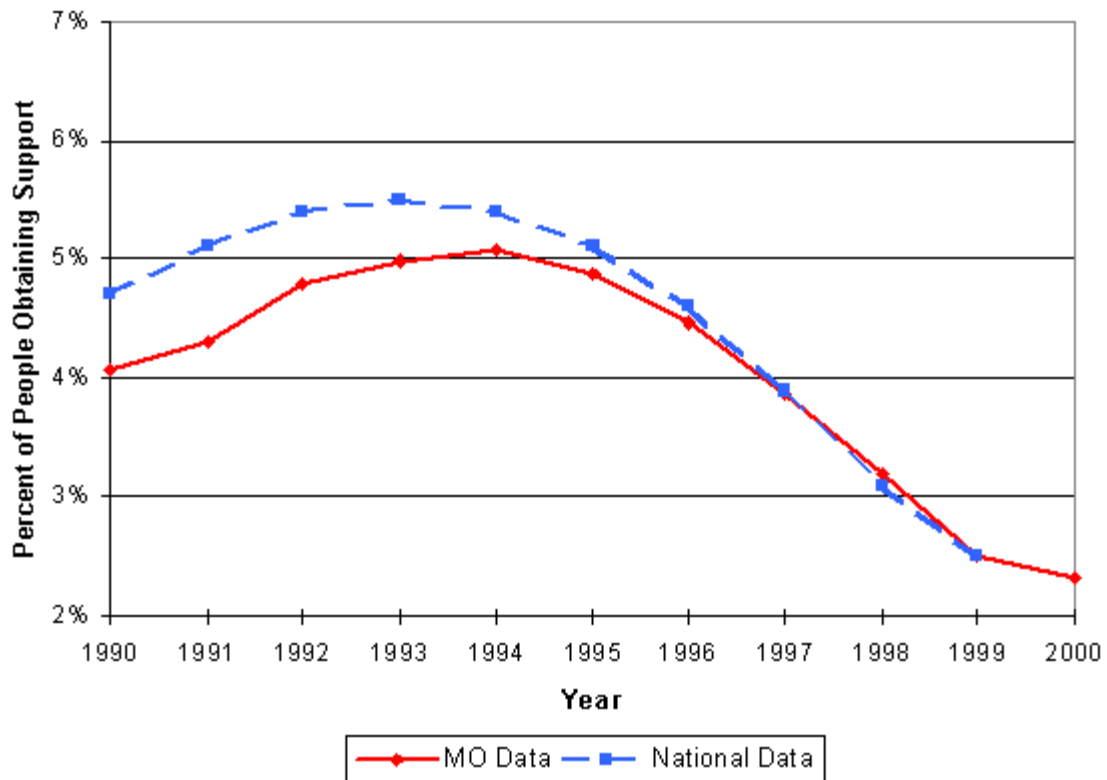
The following graphs illustrate the growth of Missouri's economy. The number of total jobs has risen dramatically, reaching an all-time high in 2000 of 2.84 million jobs. Missouri firms continue to rise in productivity, consistently outpacing the productivity of firms nationwide. Farm productivity, both in Missouri and across the United States, has been hurt in recent years by falling livestock and other crop prices. Even so, the cash receipts per acre for Missouri farms were over \$10 higher in 1999 than they were in 1989.



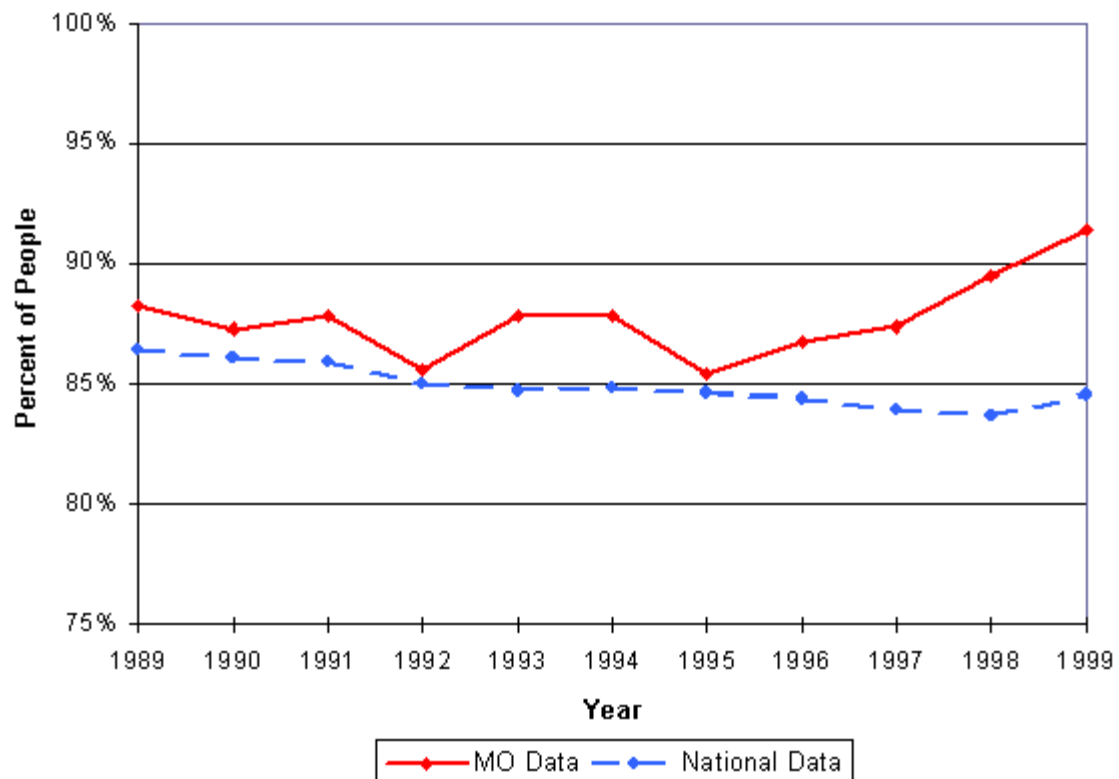


Governor Holden is dedicated to ensuring that Missouri families share in the state's overall economic prosperity. The following graphs show how individual Missourians have prospered in the last decade. The percentage of Missourians obtaining public income support declined to 2.3 percent in 2000 while the percentage of Missourians with health insurance continued its dramatic rise reaching 91.4 percent in 1999. Unfortunately, the percentage of Missourians with incomes above 100 percent of the poverty level decreased in 1999 to 88.4 percent.

Public Income Support (AFDC/TANF)



Missourians With Health Insurance

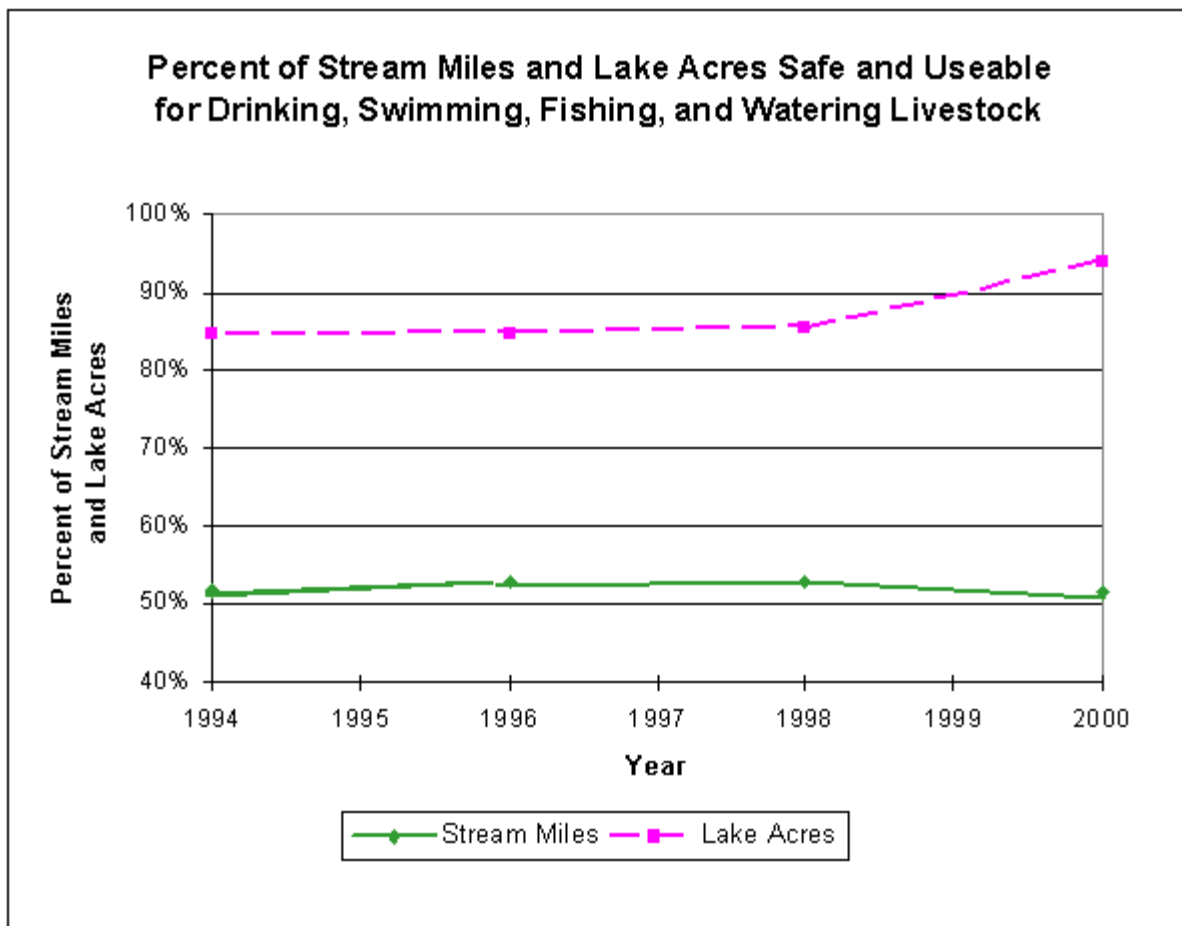


RESPONSIBLE GOVERNMENT

Missouri taxpayers expect an efficient government that is accountable to taxpayers. Governor Holden intends to carry out this mission by working with all 16 state agencies to improve current processes, eliminate duplication, and streamline government agencies. The Holden administration will measure progress on results and use these data to ensure that state dollars are directed to the most effective programs that will best achieve the desired results. Governor Holden's priorities include cutting taxes where possible, returning dollars and authority to Missouri taxpayers, making the state workforce representative of the demographics of the state, creating a more efficient state government, and protecting Missouri's land and water resources.

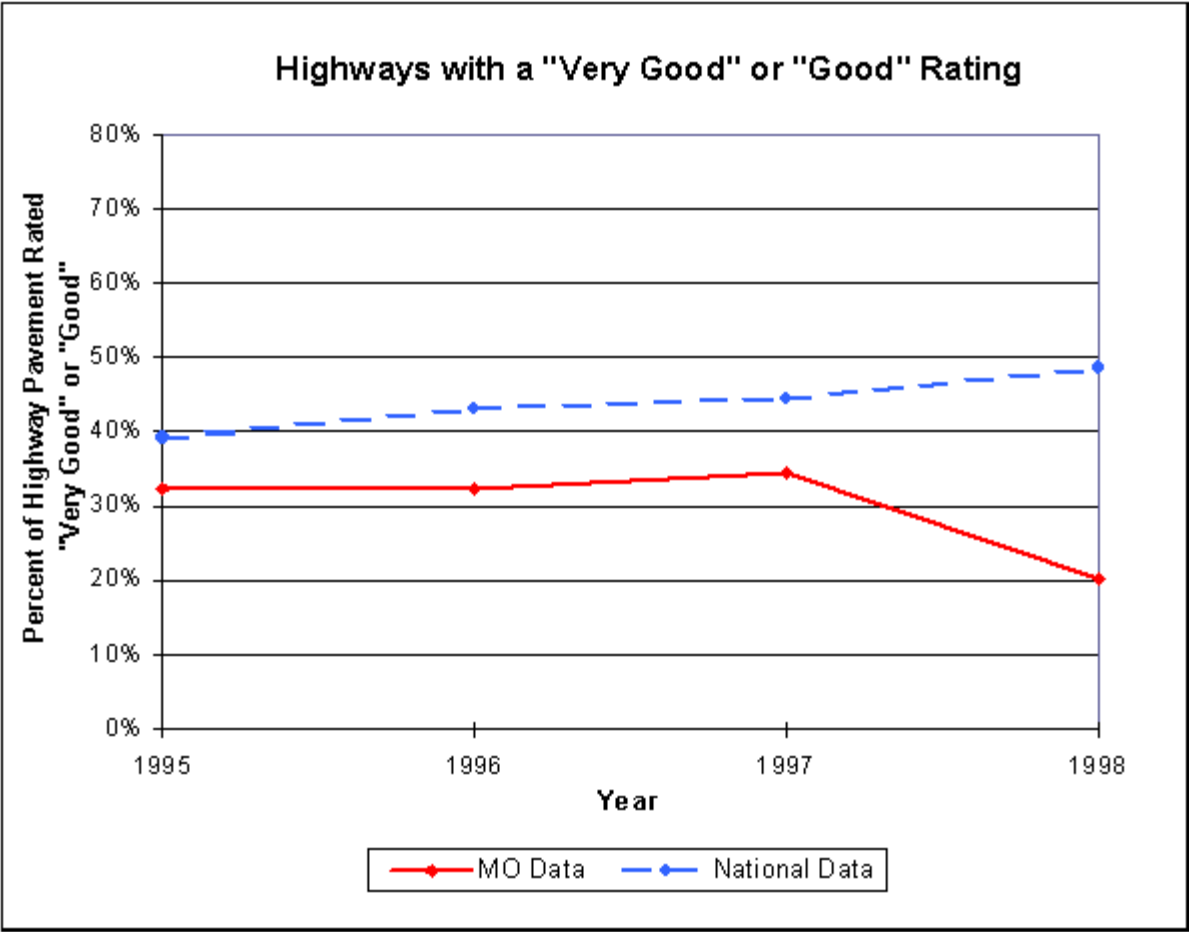
RESULT MEASURES

Ensuring Missouri's streams and lakes are safe and usable is a priority for Governor Holden. Providing and fostering good stewardship to protect the state's natural resources is one of the key responsibilities of government. The following graph shows that in 2000, 94 percent of Missouri's lake acres and 52 percent of Missouri's stream miles were safe for drinking, swimming, fishing, and watering livestock.



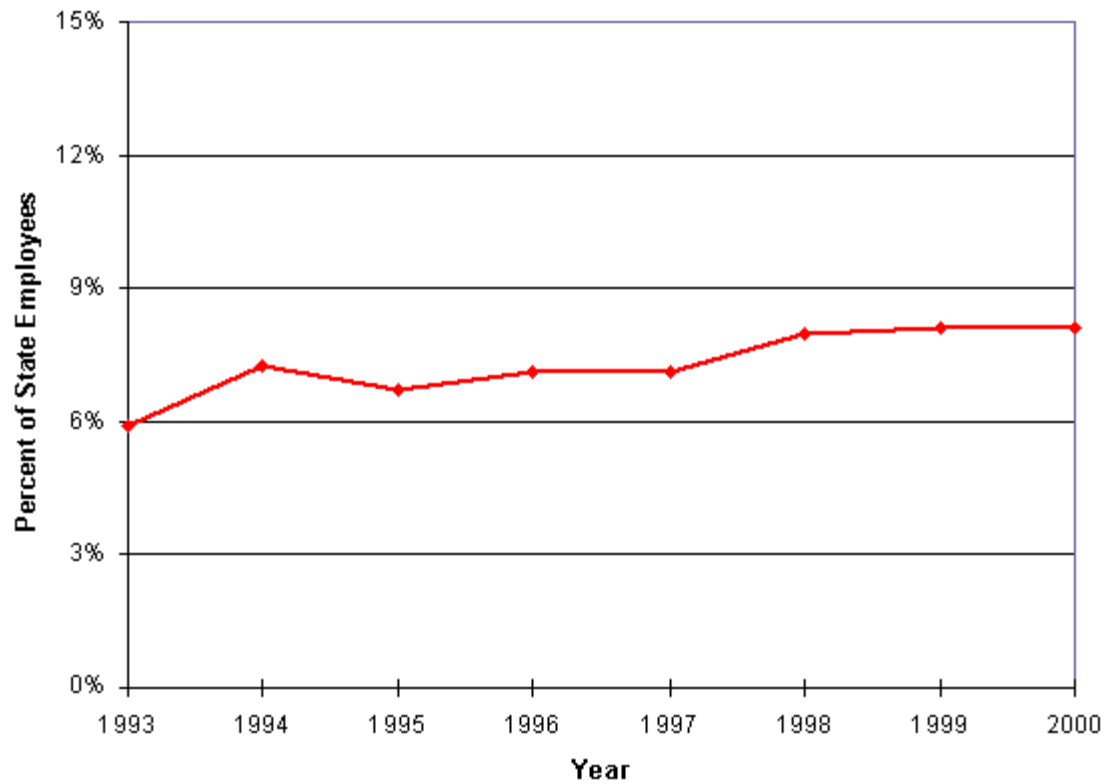
Governor Holden is committed to making Missouri a major transportation hub. To do this, Missouri's roads and bridges must be improved. As the following graphs show, only 20 percent of Missouri's highways were rated "very good" or "good" in 1998. Highways nationwide, meanwhile, have shown

steady improvement with almost 50 percent rated “very good” or “good” in 1998. Although experiencing a more gradual decline, Missouri’s bridges are also deteriorating with less than 34 percent rated “good” or “better” in 1999.

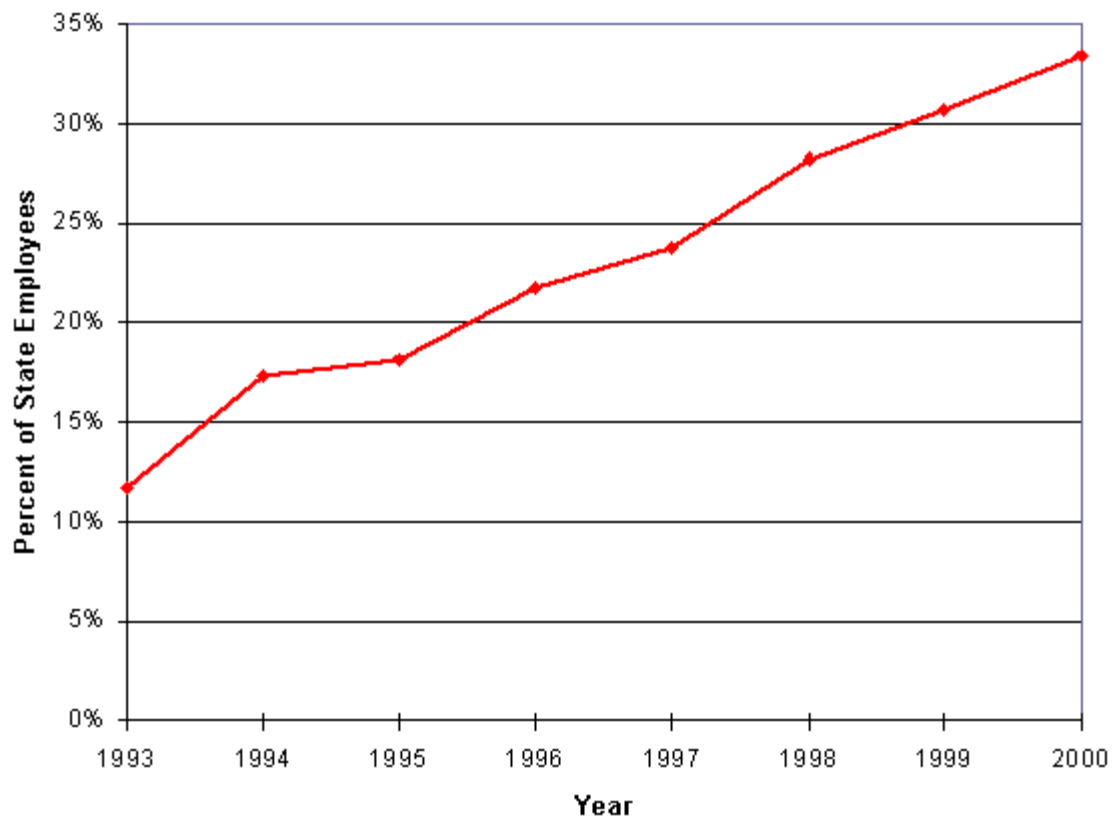


In order to achieve maximum effectiveness, Missouri’s state government workforce must be adequately represented by minorities and women at upper level salary ranges. The following graphs highlight the gains made by minority and women state employees during the past seven years.

Minority State Employees Earning Over \$40,000 a Year



Women State Employees Earning Over \$40,000 a Year



FY 2002 EXECUTIVE BUDGET

PUBLIC DEBT

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	FY 2002 REQUEST	GOVERNOR RECOMMENDS FY 2002
Administration	\$ 44,784	\$ 124,375	\$ 126,067	\$ 124,669
Arbitrage Rebate	9,230	1	1	1
Advanced Refunding of Bonds	0	1	1	1
Fourth State Building Bonds	17,787,518	18,809,771	18,709,008	18,709,008
Water Pollution Control Bonds	31,807,087	34,290,294	36,870,025	36,870,025
Stormwater Control Bonds	2,056,814	4,081,282	3,647,742	3,647,742
Third State Building Bonds	48,808,962	50,548,313	50,711,833	50,711,833
TOTAL				
General Revenue Fund	\$100,514,395	\$107,854,037	\$110,064,677	\$110,063,279

Full-time equivalent employees	1.40	1.40	1.40	1.40
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POLICY SUMMARY

State of Missouri general obligation bond issues consistently have received the highest, "Triple A", ratings from Moody's Investors Service, Standard and Poor's Corporation, and Fitch IBCA Incorporated. Missouri is one of only nine states that has this rating from all three rating organizations. The other states are Minnesota, Georgia, Utah, Virginia, Maryland, Tennessee, North Carolina, and South Carolina. General obligation bonds can only be issued through voter approved amendments to the state constitution. Currently outstanding general obligation bonds are for the four purposes identified below.

Water Pollution Control Bonds: Water pollution control bond proceeds help local governments construct wastewater and stormwater control facilities and improve public drinking water systems. These infrastructure improvements support local economic development, protect Missouri waterways from pollution, and help ensure safe drinking water supplies. In November 1998, Missouri voters approved an additional \$100 million in water pollution control bonds raising total authorizations to \$725 million. As of December 2000, Missouri has issued, excluding refunding issuances, a total of \$494.5 million of the \$725 million authorized in water pollution control bonds. The Governor recommends a \$34.3 million general revenue transfer to the water pollution control bond and interest fund, and \$34.3 million for principal and interest payments on water pollution control bonds currently outstanding. The Governor also recommends a \$2.6 million general revenue transfer to the water pollution control bond and interest fund for a \$20 million issuance in the last half of Fiscal Year 2002.

Stormwater Control Bonds: In November 1998, Missouri voters approved a separate stormwater control bond issue of \$200 million for stormwater control plans, studies, and projects. As of December 2000, Missouri has issued a total of \$20 million of the \$200 million authorized in stormwater control bonds. The Governor recommends a \$2.4 million general revenue transfer to the stormwater control bond and interest fund, and \$2.4 million for principal and interest payments on stormwater control bonds currently outstanding. The Governor also recommends

a \$1.3 million general revenue transfer to the stormwater control bond and interest fund for a \$30 million issuance in the last half of Fiscal Year 2002.

Fourth State Building Bonds: In August 1994, Missouri voters approved a fourth state building bond issue to provide essential prison capacity, new residential beds for juvenile offenders, and significant new higher education construction and renovation. The Governor recommends an \$18.7 million general revenue transfer to the fourth state building bond and interest fund, and \$18.8 million for principal and interest payments on fourth state building bonds currently outstanding. With the final \$50 million issuance on June 1, 1998, all \$250 million in fourth state building bonds authorized by Missouri voters was issued.

Third State Building Bonds: The Governor recommends a \$50.7 million general revenue transfer to the third state building bond interest and sinking fund, and \$50.5 million for principal and interest payments on third state building bonds currently outstanding. With the final \$75 million issuance on December 1, 1987, all \$600 million in third state building bonds authorized by Missouri voters in 1982 was issued.

ADMINISTRATION OF PUBLIC DEBT

The Board of Fund Commissioners administers the bonded indebtedness of the state. The board is comprised of the following members pursuant to Section 33.300, RSMo: Governor, Lt. Governor, Attorney General, State Auditor, State Treasurer, and Commissioner of Administration. Administrative expenses are associated with the sale and processing of the state's general obligation bonds. The board directs the payment of principal and interest on state debt and processes the redemption and cancellation of state bonds. Each of the general obligation bonds issued by the State of Missouri is rated "Triple A" by Moody's Investors Service, Standard and Poor's Corporation, and Fitch IBCA Incorporated.

Fiscal Year 2002 Governor's Recommendations

- \$294 for pay plan.

ARBITRAGE REBATE COSTS

The Board of Fund Commissioners is obligated to repay to the United States Treasury excess interest earnings on water pollution control bonds, stormwater control bonds, third state building bonds, and fourth state building bonds.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level on an open-ended basis to accommodate possible additional costs.

ADVANCED REFUNDING OF BONDS

The Board of Fund Commissioners authorized the advanced refunding of several outstanding series of water pollution control and third state building bonds. Due to refundings in the past several years, the state will realize a savings of \$111.2 million over the life of the bonds.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level on an open-ended basis to accommodate possible additional costs.

FOURTH STATE BUILDING BONDS DEBT SERVICE

Missouri voters approved \$250 million in fourth state building bonds under the provisions of Article III, Section 37, Missouri Constitution to be used for capital improvement projects at state facilities and higher education institutions. Bond sales were authorized by the General Assembly in Fiscal Year 1995, and bonds were then sold on a cash-as-needed basis to meet scheduled construction timetables. With the final sale of \$50 million on June 1, 1998, all \$250 million in voter-approved bonds have been issued.

This appropriation provides for principal and interest payments on fourth state building bonds now outstanding. The money is transferred from general revenue to the fourth state building bond and interest fund one year in advance of its appropriation.

Fiscal Year 2002 Governor's Recommendations

- \$18,709,008 for the transfer of general revenue for debt service on fourth state building bonds currently outstanding.

SUMMARY OF FOURTH STATE BUILDING BOND ISSUANCES

<u>Issuance</u>	<u>Final Maturity Fiscal Year</u>	<u>Principal Amount Issued</u>	<u>Principal Amount Repaid</u>	<u>Principal Amount Refunded</u>	<u>Principal Outstanding As of 1/1/00</u>
Series A 1995	2020	\$ 75,000,000	\$ 7,970,000	\$ 0	\$ 67,030,000
Series A 1996	2022	125,000,000	11,345,000	0	113,655,000
Series A 1998	2023	50,000,000	2,340,000	0	47,660,000
Total		\$ 250,000,000	\$ 21,655,000	\$ 0	\$ 228,345,000

FOURTH STATE BUILDING BONDS COMPOSITE SCHEDULE OF DEBT SERVICE REQUIREMENTS

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
1996	\$ 1,380,000.00	\$ 4,311,020.00	\$ 5,691,020.00
1997	1,480,000.00	7,773,776.25	9,253,776.25
1998	4,260,000.00	11,177,882.50	15,437,882.50
1999	5,625,000.00	13,406,382.50	19,031,382.50
2000	5,900,000.00	13,077,082.50	18,977,082.50
2001	6,160,000.00	12,716,357.50	18,876,357.50
2002	6,470,000.00	12,339,770.00	18,809,770.00
2003	6,765,000.00	11,944,007.50	18,709,007.50
2004	7,080,000.00	11,508,820.00	18,588,820.00
2005	7,410,000.00	11,053,195.00	18,463,195.00
2006	7,765,000.00	10,592,438.76	18,357,438.76
2007	8,150,000.00	10,164,220.02	18,314,220.02
2008	8,555,000.00	9,728,082.52	18,283,082.52
2009	8,990,000.00	9,285,450.02	18,275,450.02
2010	9,455,000.00	8,802,800.02	18,257,800.02
2011	9,955,000.00	8,296,985.02	18,251,985.02
2012	10,480,000.00	7,754,135.02	18,234,135.02
2013	11,050,000.00	7,179,182.52	18,229,182.52
2014	11,655,000.00	6,563,593.77	18,218,593.77
2015	12,290,000.00	5,911,592.52	18,201,592.52
2016	12,975,000.00	5,222,711.27	18,197,711.27
2017	13,695,000.00	4,501,356.26	18,196,356.26
2018	14,465,000.00	3,747,462.50	18,212,462.50
2019	15,270,000.00	2,944,718.75	18,214,718.75
2020	16,125,000.00	2,087,831.25	18,212,831.25
2021	11,325,000.00	1,197,006.25	12,522,006.25
2022	11,950,000.00	565,725.00	12,515,725.00
2023	3,320,000.00	166,000.00	3,486,000.00
TOTAL	\$ 250,000,000.00	\$ 214,019,585.22	\$ 464,019,585.22

WATER POLLUTION CONTROL BONDS DEBT SERVICE

Missouri voters have authorized the state to sell \$725 million in water pollution control bonds under the provisions of Article III, Section 37, Missouri Constitution. Increments of bonds are then authorized by the General Assembly and issued on a cash-as-needed basis to fund wastewater treatment projects approved by the Missouri Clean Water Commission. Currently, \$494.5 million in bonds, excluding refunding issuances, have been issued. General revenue is transferred to the water pollution control bond and interest fund one year in advance of its appropriation for principal and interest payments.

Fiscal Year 2002 Governor's Recommendations

- \$34,295,025 for the transfer of general revenue for debt service on water pollution control bonds currently outstanding.
- \$2,575,000 for the first year's debt service payment on water pollution control bonds to be issued in Fiscal Year 2002.

SUMMARY OF WATER POLLUTION CONTROL BOND ISSUANCES

<u>Issuance</u>	<u>Final Maturity Fiscal Year</u>	<u>Principal Amount Issued</u>	<u>Principal Amount Repaid</u>	<u>Principal Amount Refunded</u>	<u>Principal Outstanding As of 1/1/01</u>
Series A 1972	1997	\$ 20,000,000	\$ 20,000,000	\$ 0	\$ 0
Series A 1974	1999	8,000,000	8,000,000	0	0
Series B 1974	1995	15,000,000	15,000,000	0	0
Series A 1977	1997	31,494,240	31,494,240	0	0
Series A 1981	Refunded	20,000,000	3,060,000	16,940,000	0
Series A 1983	Refunded	20,000,000	3,585,000	16,415,000	0
Series B 1983	Refunded	10,000,000	375,000	9,625,000	0
Series A 1985	Refunded	20,000,000	425,000	19,575,000	0
Series A 1986	Refunded	60,000,000	13,600,000	46,400,000	0
Series B 1987	Refunded	35,000,000	4,305,000	30,695,000	0
Series A 1989	Refunded	35,000,000	7,720,000	27,280,000	0
Series A 1991	Refunded	35,000,000	6,630,000	27,350,000	1,020,000
Series A 1992	2018	35,000,000	6,355,000	0	28,645,000
Series A 1993	2019	30,000,000	4,950,000	0	25,050,000
Series A 1995	2020	30,000,000	3,185,000	0	26,815,000
Series A 1996	2022	35,000,000	3,175,000	0	31,825,000
Series A 1998	2023	35,000,000	1,640,000	0	33,360,000
Series A 1999	2025	<u>20,000,000</u>	<u>445,000</u>	<u>0</u>	<u>19,555,000</u>
Totals Excluding Refunding Issuances		\$ 494,494,240	\$ 133,944,240	\$ 194,280,000	\$ 166,270,000
Series A 1987 Refunding	Refunded	49,715,000	16,475,000	33,240,000	0
Series B 1991 Refunding	Refunded	17,435,000	5,155,000	11,355,000	925,000
Series C 1991 Refunding	2013	33,575,000	9,920,000	0	23,655,000
Series B 1992 Refunding	2011	50,435,000	10,985,000	0	39,450,000
Series B 1993 Refunding	2017	<u>109,415,000</u>	<u>14,800,000</u>	<u>0</u>	<u>94,615,000</u>
Totals Including Refunding Issuances		\$ 755,069,240	\$ 191,279,240	\$ 238,675,000	\$ 324,915,000

WATER POLLUTION CONTROL BONDS
COMPOSITE SCHEDULE OF DEBT SERVICE REQUIREMENTS

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
1973	\$ 570,000.00	\$ 930,188.68	\$ 1,500,188.68
1974	485,000.00	986,240.00	1,471,240.00
1975	705,000.00	1,751,569.56	2,456,569.56
1976	1,105,000.00	2,145,455.00	3,250,455.00
1977	1,160,000.00	2,080,357.50	3,240,357.50
1978	2,129,240.00	3,259,522.70	5,388,762.70
1979	2,240,000.00	3,405,992.50	5,645,992.50
1980	2,355,000.00	3,278,505.00	5,633,505.00
1981	2,475,000.00	3,146,440.00	5,621,440.00
1982	3,135,000.00	4,730,807.06	7,865,807.06
1983	3,165,000.00	4,694,670.00	7,859,670.00
1984	3,580,000.00	6,591,015.00	10,171,015.00
1985	3,915,000.00	6,805,965.00	10,720,965.00
1986	4,325,000.00	8,378,860.00	12,703,860.00
1987	4,650,000.00	10,567,758.28	15,217,758.28
1988	4,840,000.00	11,131,392.44	15,971,392.44
1989	6,805,000.00	13,815,388.63	20,620,388.63
1990	7,225,000.00	14,573,892.38	21,798,892.38
1991	8,240,000.00	15,275,401.13	23,515,401.13
1992	8,770,000.00	14,529,565.51	23,299,565.51
1993	10,110,000.00	16,610,720.57	26,720,720.57
1994	11,540,000.00	15,670,014.33	27,210,014.33
1995	13,690,000.00	16,312,826.27	30,002,826.27
1996	13,880,000.00	17,131,521.28	31,011,521.28
1997	14,790,000.00	17,175,506.28	31,965,506.28
1998	12,605,000.00	17,258,681.28	29,863,681.28
1999	14,210,000.00	18,152,123.78	32,362,123.78
2000	14,525,000.00	17,798,035.65	32,323,035.65
2001	15,690,000.00	17,488,317.53	33,178,317.53
2002	15,905,000.00	16,685,291.28	32,590,291.28
2003	16,735,000.00	15,856,021.28	32,591,021.28
2004	17,755,000.00	14,967,225.03	32,722,225.03
2005	18,750,000.00	14,007,111.28	32,757,111.28
2006	19,755,000.00	12,992,157.53	32,747,157.53
2007	20,950,000.00	11,935,020.03	32,885,020.03
2008	22,125,000.00	10,810,476.91	32,935,476.91
2009	21,255,000.00	9,677,963.77	30,932,963.77
2010	20,170,000.00	8,585,745.64	28,755,745.64
2011	19,405,000.00	7,549,981.27	26,954,981.27
2012	15,120,000.00	6,639,383.77	21,759,383.77
2013	15,985,000.00	5,808,870.01	21,793,870.01
2014	13,795,000.00	5,017,197.51	18,812,197.51
2015	14,555,000.00	4,270,571.26	18,825,571.26
2016	12,415,000.00	3,556,507.51	15,971,507.51
2017	13,115,000.00	2,878,061.88	15,993,061.88
2018	11,310,000.00	2,227,681.25	13,537,681.25
2019	9,175,000.00	1,682,261.25	10,857,261.25
2020	7,420,000.00	1,240,798.75	8,660,798.75
2021	5,545,000.00	842,262.50	6,387,262.50
2022	5,840,000.00	539,812.50	6,379,812.50
2023	3,550,000.00	295,687.50	3,845,687.50
2024	1,290,000.00	110,275.00	1,400,275.00
2025	1,360,000.00	37,400.00	1,397,400.00
TOTAL	\$ 516,194,240.00	\$ 443,890,498.05	\$ 960,084,738.05

Total principal includes refunding excess of \$21,700,000 which does not count toward the \$725 million constitutional authorization.

STORMWATER CONTROL BONDS BUDGET YEAR ISSUANCE

Missouri voters have authorized the state to sell \$200 million in stormwater control bonds under the provisions of Article III, Section 37, Missouri Constitution. This appropriation provides principal and interest on stormwater control bonds to be authorized by the General Assembly. Currently, \$20 million in bonds have been issued. General revenue is transferred to the stormwater control bond and interest fund one year in advance of its appropriation for payment of principal and interest.

Fiscal Year 2002 Governor's Recommendations

- \$2,359,542 for the transfer of general revenue for debt service on stormwater control bonds currently outstanding.
- \$1,288,200 for the first year's debt service payment on stormwater control bonds to be issued in Fiscal Year 2002.

SUMMARY OF STORMWATER CONTROL BOND ISSUANCES

<u>Issuance</u>	<u>Final Maturity Fiscal Year</u>	<u>Principal Amount Issued</u>	<u>Principal Amount Repaid</u>	<u>Principal Amount Refunded</u>	<u>Principal Outstanding As of 1/1/01</u>
Series A 1999	2025	\$ 20,000,000	\$ 445,000	\$ 0	\$ 19,555,000

STORMWATER CONTROL BONDS COMPOSITE SCHEDULE OF DEBT SERVICE REQUIREMENTS

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2000	\$ 0.00	\$ 541,461.88	\$ 541,461.88
2001	445,000.00	1,070,352.51	1,515,352.51
2002	460,000.00	1,046,281.26	1,506,281.26
2003	480,000.00	1,020,741.26	1,500,741.26
2004	500,000.00	987,951.26	1,487,951.26
2005	520,000.00	952,301.26	1,472,301.26
2006	540,000.00	923,251.26	1,463,251.26
2007	565,000.00	898,106.26	1,463,106.26
2008	590,000.00	871,246.26	1,461,246.26
2009	615,000.00	840,084.38	1,455,084.38
2010	645,000.00	804,646.88	1,449,646.88
2011	675,000.00	769,800.01	1,444,800.01
2012	705,000.00	735,292.51	1,440,292.51
2013	740,000.00	698,436.26	1,438,436.26
2014	780,000.00	659,101.26	1,439,101.26
2015	820,000.00	617,296.26	1,437,296.26
2016	860,000.00	572,981.26	1,432,981.26
2017	905,000.00	525,869.38	1,430,869.38
2018	950,000.00	475,897.50	1,425,897.50
2019	1,000,000.00	422,997.50	1,422,997.50
2020	1,055,000.00	366,998.75	1,421,998.75
2021	1,110,000.00	307,725.00	1,417,725.00
2022	1,165,000.00	245,162.50	1,410,162.50
2023	1,225,000.00	179,437.50	1,404,437.50
2024	1,290,000.00	110,275.00	1,400,275.00
2025	<u>1,360,000.00</u>	<u>37,400.00</u>	<u>1,397,400.00</u>
TOTAL	\$ 20,000,000.00	\$ 16,681,095.16	\$ 36,681,095.16

THIRD STATE BUILDING BONDS DEBT SERVICE

Missouri voters approved \$600 million in third state building bonds to be used for capital improvement projects at state facilities and for specific types of local economic development projects under Article III, Section 37, Missouri Constitution. The General Assembly authorized issuance of \$75 million for Fiscal Year 1983, \$50 million for Fiscal Year 1984, \$75 million for Fiscal Year 1985, and \$400 million for Fiscal Year 1986. Bonds were then sold on a cash-as-needed basis to meet scheduled construction timetables. With the final sale of \$75 million on December 1, 1987, all \$600 million in voter-approved bonds have been issued.

This appropriation provides for principal and interest payments on third state building bonds now outstanding. The money is transferred from general revenue to the third state building bond interest and sinking fund one year in advance of its appropriation.

Fiscal Year 2002 Governor's Recommendations

- \$50,711,833 for the transfer of general revenue for debt service on third state building bonds currently outstanding.

SUMMARY OF THIRD STATE BUILDING BOND ISSUANCES

<u>Issuance</u>	<u>Final Maturity Fiscal Year</u>	<u>Principal Amount Issued</u>	<u>Principal Amount Repaid</u>	<u>Principal Amount Refunded</u>	<u>Principal Outstanding As of 1/1/01</u>
Series A 1983	Refunded	\$ 40,000,000	\$ 7,165,000	\$ 32,835,000	\$ 0
Series B 1983	Refunded	35,000,000	1,325,000	33,675,000	0
Series A 1984	Refunded	50,000,000	1,870,000	48,130,000	0
Series A 1985	Refunded	75,000,000	1,625,000	73,375,000	0
Series A 1986	Refunded	325,000,000	73,645,000	251,355,000	0
Series B 1987	Refunded	<u>75,000,000</u>	<u>9,220,000</u>	<u>65,780,000</u>	<u>0</u>
Totals Excluding Refunding Issuances		\$ 600,000,000	\$ 94,850,000	\$ 505,150,000	\$ 0
Series A 1987 Refunding	Refunded	170,115,000	56,390,000	113,725,000	0
Series A 1991 Refunding	Refunded	34,870,000	10,105,000	22,935,000	1,830,000
Series B 1991 Refunding	2013	71,955,000	20,860,000	0	51,095,000
Series A 1992 Refunding	2011	273,205,000	57,410,000	0	215,795,000
Series A 1993 Refunding	2013	<u>148,480,000</u>	<u>36,280,000</u>	<u>0</u>	<u>112,200,000</u>
Totals Including Refunding Issuances		\$ 1,298,625,000	\$ 275,895,000	\$ 641,810,000	\$ 380,920,000

THIRD STATE BUILDING BONDS COMPOSITE SCHEDULE OF DEBT SERVICE REQUIREMENTS

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
1984	\$ 470,000.00	\$ 4,842,987.50	\$ 5,312,987.50
1985	1,490,000.00	11,034,230.00	12,524,230.00
1986	2,270,000.00	17,725,712.50	19,995,712.50
1987	2,745,000.00	30,902,276.22	33,647,276.22
1988	5,865,000.00	36,209,164.83	42,074,164.83
1989	11,430,000.00	44,179,397.16	55,609,397.16
1990	12,280,000.00	43,153,872.16	55,433,872.16
1991	13,235,000.00	42,050,290.91	55,285,290.91
1992	14,230,000.00	37,998,667.16	52,228,667.16
1993	15,755,000.00	36,585,883.33	52,340,883.33
1994	17,280,000.00	32,547,322.96	49,827,322.96
1995	20,000,000.00	30,798,942.51	50,798,942.51
1996	21,550,000.00	29,172,938.76	50,722,938.76
1997	23,175,000.00	27,523,861.26	50,698,861.26
1998	23,985,000.00	25,883,931.26	49,868,931.26
1999	28,305,000.00	24,158,196.88	52,463,196.88
2000	30,345,000.00	22,248,060.00	52,593,060.00
2001	31,485,000.00	20,471,257.50	51,956,257.50
2002	31,615,000.00	18,933,312.50	50,548,312.50
2003	33,375,000.00	17,336,832.50	50,711,832.50
2004	34,880,000.00	15,652,135.00	50,532,135.00
2005	37,040,000.00	13,840,757.50	50,880,757.50
2006	38,855,000.00	11,876,855.00	50,731,855.00
2007	41,150,000.00	9,771,535.00	50,921,535.00
2008	43,470,000.00	7,532,952.50	51,002,952.50
2009	41,630,000.00	5,283,838.75	46,913,838.75
2010	36,400,000.00	3,234,306.25	39,634,306.25
2011	31,960,000.00	1,459,562.50	33,419,562.50
2012	5,085,000.00	482,737.50	5,567,737.50
2013	5,460,000.00	164,700.00	5,624,700.00
TOTAL	\$ 656,815,000.00	\$ 623,056,517.90	\$ 1,279,871,517.90

Total principal includes refunding excess of \$56,815,000 which does not count toward the \$600 million constitutional authorization.

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FY 2002 EXECUTIVE BUDGET

HEALTHY FAMILIES TRUST FUND

FINANCIAL SUMMARY



POLICY SUMMARY

In November 1998, Missouri joined with other states in announcing a national settlement agreement with tobacco companies. The agreement is the largest settlement ever achieved by the State of Missouri. Over the next 25 years, the state will receive an estimated \$4.5 billion from the settlement. Governor Holden's Fiscal Year 2002 budget deposits all payments from the tobacco settlement to a new healthy families trust fund and uses them to support a comprehensive plan to ensure the health and well being of Missouri families. The plan will focus on the Governor's priorities of prescription drug relief for seniors; health care access and treatment for families; preventing tobacco use; life sciences research; and early childhood care and education. These critical areas must be addressed to ensure a healthy and prosperous future for all Missourians. The Governor recommends the tobacco settlement payments be used as follows:

PRESCRIPTION DRUG RELIEF FOR SENIORS

Governor Holden understands that the cost of prescription drugs is a serious concern for seniors. Medicare still does not provide coverage for prescription drugs, and many seniors cannot afford to buy separate insurance coverage. Many seniors have multiple prescriptions they need to stay healthy; however, with limited incomes, some must choose between their medications and other necessities. Some seniors forego necessary medications, leading to increased illness and acute medical costs. Since the federal government has not yet provided prescription coverage for the elderly, the Governor has made prescription relief for seniors one of his highest priorities and recommends a portion of the tobacco settlement payments be used as follows:

- \$126.9 million must be used to pay the additional costs of the state's current prescription drug tax credit which are in excess of the original \$20 million annual cost estimate for the program to ensure a balanced budget. Helping pay for the prescription drug tax credit is an appropriate health care cost for using tobacco settlement proceeds. In the event that tobacco settlement payments are not received in Fiscal Year 2001, the general revenue funded capital improvement projects approved by the General Assembly for Fiscal Year 2001 will be cancelled and the funds will be used to pay for the prescription drug tax credit.
- \$20.4 million ongoing and \$43.4 million one-time to phase in a comprehensive plan to provide prescription drug relief for seniors. If the tobacco settlement funds are not received by the state in Fiscal Year 2001, Governor Holden recommends that \$126.9 million more be dedicated to a trust fund that would be spent over the next decade to ensure the financial stability of the catastrophic prescription drug plan for Missouri seniors. This would bring the trust fund for the senior catastrophic prescription drug plan to \$170.3 million.

- The cornerstone of the Governor's plan is to ensure that no eligible senior will pay more than \$1,500 per individual or \$3,000 per household annually for prescription drugs. For seniors with individual incomes below \$25,000 or household incomes below \$50,000, this catastrophic plan would cover the entire cost of drugs above that level and would help ensure that no senior is forced to forego needed medications. The one-time money mentioned above would be used over a number of years to allow the state to responsibly phase in the cost for this plan to general revenue.
- The Governor's plan would also provide reduced-priced drugs to all seniors and Missourians with disabilities on Medicare or Supplemental Security Income who do not already have insurance coverage for prescriptions. This plan would allow seniors and the disabled to purchase medications at a reduced rate, estimated at a discount of 20 to 25 percent from the current rate they pay. Included in this package is a pharmacy benefit manager to monitor patient outcomes and provide quality health care, allowing seniors to be as healthy and independent as possible. The plan provides this cost reduction at no ongoing cost to Missouri taxpayers because it allows participants to benefit from the lower price paid by Medicaid for prescription drugs. In Fiscal Year 2002, \$23.2 million of the \$170.3 million one-time payments will be used to pay the first year cost of the plan. These costs will be repaid by the end of Fiscal Year 2003 through the assessment of a minimal fee for each prescription and from rebates from pharmaceutical manufacturers. These repaid funds will then be used to help pay the cost of the catastrophic prescription drug plan.
- These two proposals will result in comprehensive prescription price relief for seniors. Therefore, a third component of the plan is to phase out the current \$200 prescription drug tax credit that has proven to be too costly and does not focus on those seniors with truly catastrophic drug costs. The Governor's plan will provide greater benefits to seniors by saving the average senior approximately \$480 each year through the reduced-priced drug program. It is estimated that this program will save participants a total of \$144 million each year. In addition, eligible seniors who have prescription drug costs above the catastrophic level would not pay any additional costs for prescriptions. This plan will save each eligible senior an average of \$750 per year, with total estimated savings for all eligible seniors at \$48.7 million per year. In total, this comprehensive package will save seniors and Missourians with disabilities approximately \$193 million per year. As part of the phase out of the existing prescription drug tax credit, the Governor plans to use \$89.3 million of tobacco settlement funds in Fiscal Year 2002 to pay the cost of the current prescription drug tax credit.

HEALTH CARE ACCESS AND TREATMENT

Governor Holden believes that every Missourian must have access to health care services. From 1995 to 1999, the percentage of Missourians who were insured increased from 85.4 to 91.4 percent. Although Missouri has made tremendous strides in recent years in improving health care access and increasing insurance coverage for children, there are still some critical areas that must be addressed. The Governor proposes to use 47.5 percent of payments from the tobacco settlement beginning in Fiscal Year 2002 and \$20 million of the previous payments to help improve health care access and treatment. The Governor recommends:

- \$65.6 million ongoing and \$20 million in one-time funding to maintain the health care safety net. The recommendation includes:
 - Expanded medical benefits for low-income adults to ensure they have access to dental, optometry, and mental health services.
 - Access to health care for about 17,780 low-income adults.
 - Enhanced graduate medical education payments to Missouri's teaching

hospitals to help pay the cost for training physicians and nurses to meet Missouri's future health care needs.

- Improved access to hospital care for uninsured Missourians.
 - Grants to rural and hospital-based clinics so they can continue to meet the needs of the uninsured and underinsured in their communities.
- \$5 million ongoing for grants to Federally Qualified Health Centers to improve access to care in underserved areas of the state. The funding will be used for equipment and other infrastructure costs and to cover the expense of providing care to uninsured Missourians.
 - \$4 million for a one-time grant to establish the Missouri Telehealth Resource Center at the University of Missouri-Columbia School of Medicine. Telemedicine allows increased access to health care in underserved areas and expands access to specialty care by enabling patients and providers to interact with health care professionals located miles apart. Telemedicine will also bring continuing medical education and training to medical professionals in isolated areas of the state.
 - \$2.2 million ongoing for a healthy communities initiative that will enhance recruitment of more primary care physicians and dentists into underserved areas of the state. This funding will provide direct payments to practitioners serving in or recruited to underserved areas, and establish a system of volunteer dentists to provide services where they are otherwise not available.
 - \$300,000 ongoing for a healthy communities workforce initiative to ensure that underserved areas also have adequate numbers of nurses and other health care professionals.

TOBACCO PREVENTION, EDUCATION, AND CESSATION

Missouri ranks fifth in the nation in the percentage of adults who smoke. In 1999, almost a third of Missouri high school students smoke. As a result, Missouri ranks well above average in smoking-related diseases such as heart disease, cancer, and emphysema. Missouri has already provided resources to help prevent tobacco use and its negative consequences. These efforts include programs in local schools and public health agencies, as well as efforts by the Department of Health and the Division of Alcohol and Drug Abuse in the Department of Mental Health. However, Governor Holden recognizes that we need to do more to prevent tobacco use, particularly for our youth. The Governor's plan includes a significant investment in tobacco prevention by dedicating ten percent of all payments from the tobacco settlement received beginning in Fiscal Year 2002 and \$13.3 million of the payments made prior to Fiscal Year 2002. Missouri will combine these dollars with current funding to develop a comprehensive tobacco prevention plan approved by the Center for Disease Control and proven effective in other states, such as California, Florida, Massachusetts, Arizona, Oregon and Minnesota. These states have seen significant reductions in smoking rates as a result of their tobacco prevention programs. The comprehensive Missouri plan includes:

- \$3.7 million ongoing and \$5.6 million one-time for grants to communities to develop and implement community-specific plans to prevent tobacco use.
- \$3.1 million ongoing and \$700,000 in one-time funding for smoking cessation programs to educate health care providers in effective smoking prevention; intensive cessation programs for high-risk individuals such as pregnant women and individuals with chronic diseases; and cessation treatment for uninsured Missourians.
- \$3.2 million ongoing and \$1.2 million in one-time funding for chronic disease programs to reduce the burden of tobacco-related illnesses, such as cancer, emphysema, and asthma.

- \$2.1 million ongoing and \$3 million in one-time funding for a comprehensive statewide media campaign, focusing on youth tobacco use prevention and reducing exposure to second-hand smoke.
- \$1.5 million ongoing and \$1.9 million in one-time funding to monitor, evaluate, and improve the success of the state's efforts to prevent tobacco use and reduce related chronic disease.
- \$1.1 million ongoing and \$1 million in one-time funding for statewide partnership programs to provide training, technical assistance, and coordination to multiple local organizations statewide.
- \$900,000 ongoing funding for enforcement and vendor education to prevent the unlawful sale of tobacco to minors.
- \$648,000 ongoing funding for administration and management to ensure an effective, coordinated tobacco control effort.

LIFE SCIENCES RESEARCH

Governor Holden recognizes the importance of life sciences research for all Missourians - today and for the future. Life sciences research will help lead the state to tremendous advancements in the prevention and treatment of diseases, such as cancer, arthritis, diabetes, and AIDS. It will also help Missouri's vital agricultural industry through new plant research and new uses for agricultural products. Investing in life sciences is also critical to Missouri's ability to compete in the new century and the continued economic growth for all Missourians. Life sciences research will focus resources on human development and aging, cancer, cardiovascular and infectious disease, and agricultural advancements. Because of the vital importance of life sciences, the Governor proposes to use 20 percent of payments from the tobacco settlement beginning in Fiscal Year 2002 and \$13.3 million of the previous payments for life sciences research. Governor Holden recommends:

- \$32.5 million ongoing and \$13.3 million one-time for life sciences research. Grants will be awarded to increase the capacity and infrastructure for quality life sciences research in the state.
- Creation of a life sciences advisory board that will ensure these funds are invested wisely to enhance Missouri's economic future.

EARLY CHILDHOOD CARE AND EDUCATION

Because of recent research in early childhood development, Missouri has already made significant financial commitments to expand and improve early childhood care and development programs. Governor Holden recognizes the importance of a healthy start for all Missouri children and believes that Missouri needs to continue its progress in ensuring that all children have access to quality early childhood programs. These programs are an essential component of Missouri's effort to promote healthy lifestyles that discourage tobacco use. Missouri's Parents as Teachers Program is nationally recognized as an effective way to ensure children enter school ready to learn. However, the Governor believes we must ensure the program is reaching children who are at risk of failure in school because they live in areas of concentrated poverty, their parents have not had adequate access to educational opportunities, or other factors that reduce their chances for success in school. To reach more at-risk children in Missouri and provide them with opportunities for success, the Governor's plan dedicates ten percent of the payments from the tobacco settlement beginning in Fiscal Year 2002 and \$13.3 million of the previous payments to early childhood programs. Governor Holden recommends:

- \$7 million ongoing for the successful Parents as Teachers Program to increase the number of at-risk

families served by the program; increase home visits for at-risk families; provide one additional home visit for all three- to five-year-olds in the program; and provide an incentive to serve at-risk families by increasing the reimbursement rate to schools.

- \$3.1 million ongoing for childcare subsidies for an additional 940 low-income families to ensure they have adequate childcare while their parents are at work.
- \$3 million in one-time funding to expand the successful Jumpstart Program that provides grants to schools for quality child development programs.
- \$1.9 million ongoing for the Early Head Start Program to provide services to an additional 153 children to ensure they have access to quality early childhood development programs.
- \$1.4 million ongoing to expand training and collaboration between Parents as Teachers and other early childhood programs that serve at-risk families; increase resources for accreditation and licensing of childcare facilities to help ensure all families have access to quality, safe childcare; and increase the number of coordinators at area resource and referral offices to provide assistance to parents seeking care for children with special needs.
- \$1 million ongoing and \$9.3 million in one-time community grants to meet locally identified needs so that all children have access to quality care. These grants will require a local match, accountability for results, and financial accountability; and will focus on neighborhoods with a high proportion of at-risk children.
- \$1 million in one-time grants to childcare facilities in neighborhoods with a high concentration of at-risk children to help modify facilities to meet the needs of children with special health care needs and for one-time costs associated with accreditation and licensing.
- \$960,000 ongoing to expand successful community-based prenatal and early childhood nurse home visitation programs for at-risk families. Funding will focus on programs that have proven results for reducing the risk of inadequate prenatal care, substance abuse, child abuse and neglect, welfare dependence, substance abuse, and criminal behavior. It is estimated that this program will serve an additional 300 families.
- \$950,000 ongoing to ensure access to childcare for approximately 289 children whose parents are transitioning off of welfare.

A summary of Governor Holden's plan for the payments from the tobacco settlement follows:

	One-time funds (in millions)	Ongoing funds (in millions)	% of Ongoing funds
Available	\$319.5	\$162.4	
Prescription Drug Tax Credit*	\$216.2	\$0	0%
Governor's Prescription Drug Plan for Seniors*	\$43.4	\$20.4	12.5%
Health Care Access and Treatment	\$20.0	\$77.1	47.5%
Tobacco Use Prevention Program	\$13.3	\$16.2	10.0%
Life Sciences Research	\$13.3	\$32.5	20.0%
Early Childhood Programs	<u>\$13.3</u>	<u>\$16.2</u>	<u>10.0%</u>
TOTAL	\$319.5	\$162.4	100.0%

* In the event that \$126.9 million is not received and used in Fiscal Year 2001 to balance the budget, the Governor recommends \$126.9 million be added to one-time funds available for the senior prescription drug

plan.

Some performance measures the Governor and departments will use to evaluate the success of the programs funded from the tobacco settlement payments follow:

	FY 1997	FY 1998	FY 1999
Percent of Missourians with health insurance	87.4%	89.5%	91.4%
Rate of all cancer per 100,000 Missourians	133.6	133.3	129.6
Rate of lung disease per 100,000 Missourians	24.1	24.4	27.1
Percent of adults currently smoking	28.7%	26.4%	27.1%
Percent of high school students currently smoking	40.3%	N/A	32.8%
Percent of pregnancies resulting in healthy birth-weight babies	76.5%	77.1%	77.3%
Percent of children entering school ready to learn	N/A	75%	76%
Percent of accredited childcare facilities serving low-income families	17.3%	26.3%	23.1%

HEALTH CARE ACCESS AND TREATMENT

Tobacco settlement payments will be used for a comprehensive plan to address health care access and treatment. Programs will include health care benefits for low-income adults, graduate medical education payments to teaching hospitals, grants to Federally Qualified Health Centers and rural- and hospital-based clinics, telemedicine grants, and initiatives to improve access to health care in underserved areas of the state. The health care plan will receive 47.5 percent of payments from the tobacco settlement received beginning in Fiscal Year 2002 and \$20 million from the previous payments.

Fiscal Year 2002 Governor's Recommendations

- \$91,611,746 federal and other funds for increased medical benefits for low-income adults, graduate medical education payments, access to care for the uninsured, and grants to rural and hospital-based clinics.
- \$51,348,000 federal and other funds for a one-time payment to maintain the health care safety net.
- \$5,000,000 other funds for grants to Federally Qualified Health Centers to improve access to care in underserved areas of the state.
- \$4,000,000 other funds for a one-time grant for telemedicine improvements at the University of Missouri School of Medicine.
- \$2,168,633 other funds and three staff for a healthy communities initiative that will enhance recruitment of more primary care physicians and dentists to underserved areas of the state.
- \$600,000 other funds for a healthy communities workforce initiative to ensure those underserved areas also have adequate numbers of nurses and other health care professionals.

EARLY CHILDHOOD CARE AND EDUCATION

Tobacco settlement payments will be used for a collaborative effort to increase and improve early childhood education opportunities for at-risk children. Early childhood programs are an essential component of the state's comprehensive plan to promote healthy lifestyles that discourage tobacco use. The funds will be used for programs for at-risk children, such as Parents as Teachers, Early Head Start, and nurse home visitation programs. Grants to communities will allow them to meet locally identified needs to ensure all children have

access to quality care. Grants to schools will build upon the Jumpstart Program to increase access to quality early childhood educational opportunities. Grants to childcare facilities that serve a high percentage of at-risk youth will allow them to provide care to special needs children and assist them with accreditation and licensing requirements. Collaborative training efforts will ensure that all of Missouri's early childhood programs work together effectively to meet the needs of children and their families. Early childhood programs will receive ten percent of all payments from the tobacco settlement received beginning in Fiscal Year 2002 and \$13.3 million from previous payments.

Fiscal Year 2002 Governor's Recommendations

- \$9,300,000 other funds for a one-time payment for grants to communities to meet locally identified needs to ensure all children have access to quality care.
- \$6,972,000 other funds to expand services to at-risk families through the Parents as Teachers Program.
- \$3,100,000 other funds for childcare subsidies for low-income families.
- \$3,000,000 other funds for one-time payments to expand the Jumpstart Program.
- \$1,868,000 other funds to expand the Early Head Start Program.
- \$1,000,000 other funds for grants to communities to meet locally identified needs to ensure all children have access to quality care.
- \$1,000,000 other funds for one-time grants to childcare facilities in neighborhoods with a high concentration of at-risk children to help modify facilities to meet the needs of children with special health care needs, and for one-time costs associated with accreditation and licensing.
- \$960,000 other funds to expand community-based prenatal and nurse home visitation programs for at-risk families.
- \$950,000 other funds for childcare for families transitioning off of welfare.
- \$400,000 other funds to increase resources for accrediting childcare facilities.
- \$400,000 other funds to increase the number of coordinators at area resource and referral offices to provide assistance for parents trying to find care for a child with special needs.
- \$350,000 other funds to expand training and collaboration between Parents as Teachers and other early childhood programs that serve at-risk families.
- \$200,000 other funds to ensure adequate resources for licensing childcare facilities.

LIFE SCIENCES RESEARCH

Tobacco settlement payments will be used to provide grants to increase the capacity and infrastructure for quality life sciences research in the state. Life sciences research will focus on areas of human development and aging, cancer, cardiovascular and infectious disease, agricultural advancements, and other critical areas. An advisory board will ensure these funds are invested wisely to enhance Missouri's economic future. Life sciences research will receive 20 percent of the tobacco payments received beginning in Fiscal Year 2002 and \$13.3 million from previous payments.

Fiscal Year 2002 Governor's Recommendations

- \$32,500,000 other funds for grants to enhance life sciences research.
- \$13,300,000 other funds for one-time payments to enhance life sciences research.

TOBACCO PREVENTION, EDUCATION, AND CESSATION

Tobacco settlement payments will be used for a comprehensive plan to address tobacco prevention, education, and cessation. This plan will augment existing efforts in local schools and public health agencies, as well as efforts by the Department of Health and the Division of Alcohol and Drug Abuse in the Department of Mental Health. Community grants, smoking cessation and chronic disease programs, public education, and other programs will be combined in a comprehensive, results-based effort to reduce tobacco use by Missouri youth and the negative health consequences of smoking. Tobacco prevention efforts will receive ten percent of payments from the tobacco settlement received beginning in Fiscal Year 2002 and \$13.3 million of previous payments.

Fiscal Year 2002 Governor's Recommendations

- \$16,013,520 other funds and 16 staff to implement a comprehensive plan to reduce tobacco use by Missouri youth and the negative health consequences of smoking.
- \$13,300,000 other funds for one-time efforts in the comprehensive plan.

PRESCRIPTION DRUG RELIEF FOR SENIORS

Tobacco settlement payments will be used to provide prescription drug relief for seniors. The catastrophic plan will cover the entire cost of drugs above \$1,500. Also included is a plan to provide reduced-priced drugs to all seniors and Missourians with disabilities on Medicare or Supplemental Security Income who do not already have insurance coverage for prescriptions. Included in this package is a pharmacy benefit manager to monitor patient outcomes and provide quality health care, allowing seniors to be as healthy and independent as possible. The seniors' catastrophic prescription drug plan will receive 12.5 percent of the payments received beginning in Fiscal Year 2002 and from \$43.4 to \$170.3 million from the previous payments.

Fiscal Year 2002 Governor's Recommendations

- \$52,831,639 federal and other funds and 11 staff to implement a plan for reduced-priced drugs to all seniors and Missourians with disabilities on Medicare or Supplemental Security Income who do not already have insurance coverage for prescriptions. These funds will be repaid to the account by the end of Fiscal Year 2003 by a small administrative fee and rebates from pharmaceutical manufacturers.

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FY 2002 EXECUTIVE BUDGET

SUPPLEMENTAL APPROPRIATIONS

The Governor's recommendations for Fiscal Year 2001 Supplemental Appropriations include \$34,928,015 general revenue, \$59,499,398 federal funds, and \$16,853,944 other funds, for a total of \$111,281,357.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
SPECIAL EDUCATION
EARLY CHILDHOOD SPECIAL EDUCATION

H.B. Sec. 15.005	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
State School Moneys Fund	\$ 57,346,984	\$ 57,346,984	\$ 445,259	\$ 0
Early Childhood Development, Education and Care Fund	0	0	0	445,259
TOTAL	\$ 57,346,984	\$ 57,346,984	\$ 445,259	\$ 445,259

The Governor recommends \$445,259 for the Early Childhood Special Education Program.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
SPECIAL EDUCATION
FIRST STEPS PROGRAM

H.B. Sec. 15.010	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
General Revenue Fund	\$ 2,267,839	\$ 2,267,839	\$ 2,927,670	\$ 0
Federal Funds	6,730,000	6,730,000	776,837	776,837
Early Childhood Development, Education and Care Fund	0	0	0	2,823,109
TOTAL	\$ 8,997,839	\$ 8,997,839	\$ 3,704,507	\$ 3,599,946

The Governor recommends \$3,599,946 for the First Steps Program.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
MISSOURI OCUPATIONAL INFORMATION COORDINATING COMMITTEE

H.B. Sec. 15.015	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
EXPENSE AND EQUIPMENT				
General Revenue Fund	\$ 24,684	\$ 24,684	\$ 0	\$ 0
Federal Funds and Other Funds	<u>125,000</u>	<u>125,000</u>	<u>15,010</u>	<u>15,010</u>
TOTAL	\$ 149,684	\$ 149,684	\$ 15,010	\$ 15,010

The Governor recommends \$15,010 federal funds for the Missouri Occupational Information Coordinating Committee.

DEPARTMENT OF HIGHER EDUCATION GEAR UP EARLY AWARENESS AND OUTREACH

H.B. Sec. 15.020	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PERSONAL SERVICE	\$ 55,677	\$ 55,959	\$ 195,866	\$ 76,845
EXPENSE AND EQUIPMENT	242,105	242,105	38,044	0
PROGRAM SPECIFIC DISTRIBUTION	<u>2,215,000</u>	<u>2,215,000</u>	<u>810,998</u>	<u>0</u>
TOTAL				
Federal Funds	\$ 2,512,782	\$ 2,513,064	\$ 1,044,908	\$ 76,845

The Governor recommends \$76,845 federal funds and 6.5 staff for the GEAR UP Program to provide early college preparation and awareness activities to participating students through comprehensive mentoring, counseling, outreach, and other support services.

DEPARTMENT OF HIGHER EDUCATION DEFAULT AVERSION CONTRACT, COLLECTION AGENCY INVOICING, AND 48-HOUR RULE REIMBURSEMENT

H.B. Sec. 15.025	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
EXPENSE AND EQUIPMENT				
Guaranty Agency Operating Fund	\$ 367,798	\$ 367,798	\$ 3,500,001E	\$ 3,500,001E

The Governor recommends \$3,500,001 guaranty agency operating fund on an open-ended basis to increase the student loan aversion services contract for the Missouri Student Loan Program, to pay collection agency fees that were previously netted out from collections, and to pay any penalties owed to the federal government due to a new federal requirement that all default collections be deposited into the federal loan account within 48 hours of payment.

DEPARTMENT OF HIGHER EDUCATION TRANSFER TO GUARANTY OPERATING FUND

H.B. Sec. 15.030	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION Federal Student Loan Reserve Fund	\$ 0	\$ 0	\$ 4,000,000E	\$ 4,000,000E

The Governor recommends \$4,000,000 on an open-ended basis to transfer collections from and on behalf of defaulted borrowers to the guaranty agency operating fund.

OFFICE OF ADMINISTRATION DIVISION OF INFORMATION SERVICES



The Governor recommends \$150,000 for personal service to correct an error in the Fiscal Year 2001 budget. A like amount will be withheld from expense and equipment.

OFFICE OF ADMINISTRATION MISSOURI ETHICS COMMISSION

H.B. Sec. 15.040	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PERSONAL SERVICE General Revenue Fund	\$ 997,058	\$ 950,675	\$ 5,608	\$ 5,608

The Governor recommends \$5,608 to correct a technical error made in the Fiscal Year 2001 budget in funding pay plan.

OFFICE OF ADMINISTRATION FOR PAYMENT OF RETIREMENT BENEFITS TO THE PUBLIC SCHOOL RETIREMENT SYSTEM

H.B. Sec. 15.045	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PERSONAL SERVICE				
General Revenue Fund	\$ 2,500,000E	\$ 2,500,000E	\$ 0	\$ 0
Federal Funds	1,070,000E	1,070,000E	0	0
Video Instructional Development and Education Opportunity Fund	14,500E	14,500E	0	0
Lottery Proceeds Fund	30,000E	30,000E	0	0
DSS – Educational Improvement Fund	27,100E	27,100E	0	0
State School Moneys Fund	0	0	38,460E	38,460E
TOTAL	\$ 3,641,600E	\$ 3,641,600E	\$ 38,460E	\$ 38,460E

The Governor recommends \$38,460 on an open-ended basis to pay contributions to the Public School Retirement System from the state school moneys fund when that fund is the source of members' salaries.

OFFICE OF ADMINISTRATION
HUMAN RESOURCES CONTINGENCY

H.B. Sec. 15.050	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PERSONAL SERVICE General Revenue Fund	\$ 0	\$ 0	\$ 1E	\$ 1E

The Governor recommends \$1 on an open-ended basis to ensure that payroll checks submitted for payment against accounts with temporary cash-flow problems can be generated in a timely manner. The general revenue provided will be repaid.

OFFICE OF ADMINISTRATION
FOR THE MISSOURI VETERANS COMMISSION
CAPITAL IMPROVEMENTS



The Governor recommends \$5,445,000 to supplement past appropriations to construct a new Mt. Vernon Veterans' Home, a 100-bed dementia wing at the St. Louis Veterans' Home, and outpatient clinics at each of the veterans' homes.

OFFICE OF ADMINISTRATION
FOR THE DEPARTMENT OF CORRECTIONS
CAPITAL IMPROVEMENTS

H.B. Sec. 15.060	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION Fourth State Building Fund	\$ 0	\$ 0	\$ 2,512,953	\$ 2,512,953

The Governor recommends \$2,512,953 to supplement past appropriations to construct the Eastern Reception, Diagnostic and Correctional Center at Bonne Terre.

OFFICE OF ADMINISTRATION
FOR THE DEPARTMENT OF CORRECTIONS
CAPITAL IMPROVEMENTS



The Governor recommends \$1,660,248 for modifications to the sewage treatment system of the Crossroads Correctional Center at Cameron.

OFFICE OF ADMINISTRATION

FOR PAYMENT OF PRESCRIPTION DRUG TAX CREDIT COSTS

H.B. Sec. 15.070	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION Healthy Families Trust Fund	\$ 0	\$ 0	\$ 126,900,000E	\$ 126,900,000E

The Governor recommends \$126,900,000 on an open-ended basis to pay for the cost of the prescription drug tax credit above the original \$20,000,000 estimate for Fiscal Year 2000 and Fiscal Year 2001.

DEPARTMENT OF AGRICULTURE DIRECTOR'S OFFICE

H.B. Sec. 15.075	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
EXPENSE AND EQUIPMENT General Revenue Fund	\$ 773,022	\$ 760,472	\$ 0	\$ 0
Federal Funds	<u>41,115</u>	<u>41,115</u>	<u>63,000</u>	<u>63,000</u>
TOTAL	\$ 814,137	\$ 801,587	\$ 63,000	\$ 63,000

The Governor recommends \$63,000 to allow the Agricultural Innovation Center to utilize federal and other funds that may be available to assist agricultural producers in creating and selling processed or retail-ready products.

DEPARTMENT OF ECONOMIC DEVELOPMENT GENERAL ADMINISTRATION

H.B. Sec. 15.080	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
EXPENSE AND EQUIPMENT General Revenue Fund	\$ 532,454	\$ 532,454	\$ 116,037	\$ 116,037

The Governor recommends \$116,037 to correct a technical error made in the Fiscal Year 2001 appropriation bill. An equal amount in excess appropriation authority for personal service will be placed in reserve.

DEPARTMENT OF ECONOMIC DEVELOPMENT MISSOURI REAL ESTATE APPRAISERS COMMISSION



The Governor recommends \$7,111 to reimburse attorney fees and expenses to a petitioner.

DEPARTMENT OF INSURANCE ADMINISTRATION



The Governor recommends \$126,172 and 3.5 staff to implement the Title Insurance Act, SB 894 (2000), and license credit agencies as required by SB 896 (2000).

DEPARTMENT OF INSURANCE

DIVISION OF MARKET CONDUCT AND FINANCIAL EXAM

H.B. Sec. 15.095	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PERSONAL SERVICE	\$ 4,865,507E	\$ 4,907,327E	\$ 12,496	\$ 12,496
EXPENSE AND EQUIPMENT	<u>1,704,104E</u>	<u>1,704,104E</u>	<u>9,409</u>	<u>9,409</u>
TOTAL				
Insurance Examiners Fund	\$ 6,569,611E	\$ 6,611,431E	\$ 21,905	\$ 21,905

The Governor recommends \$21,905 and one staff to implement the Title Insurance Act as required by SB 894 (2000).

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

LABOR AND INDUSTRIAL RELATIONS COMMISSION

H.B. Sec. 15.100	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PERSONAL SERVICE				
General Revenue Fund	\$ 40,410	\$ 41,047	\$ 0	\$ 0
Federal Funds	0	0	360	360
Unemployment Compensation Administration Fund	246,500	249,162	0	0
Workers' Compensation Fund	449,904	453,867	1,800	1,800
Crime Victims' Compensation Fund	<u>1,156</u>	<u>1,360</u>	<u>0</u>	<u>0</u>
TOTAL	\$ 737,970	\$ 745,436	\$ 2,160	\$ 2,160

The Governor recommends \$2,160 to ensure Labor and Industrial Relations' Commissioners are in compliance with their approved statutory salaries.

DEPARTMENT OF PUBLIC SAFETY

MISSOURI STATE HIGHWAY PATROL

ENFORCEMENT



The Governor recommends \$533,226 for Highway Patrol overtime payments and \$249,960 to purchase 60 in-car video cameras.

DEPARTMENT OF PUBLIC SAFETY

DIVISION OF HIGHWAY SAFETY

HIGHWAY SAFETY GRANT

H.B. Sec. 15.110	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
Federal Funds	\$ 5,000,000	\$ 5,000,000	\$ 10,445,394	\$ 10,445,394

The Governor recommends \$10,445,394 for distribution to state and local agencies for measures promoting highway safety.

**DEPARTMENT OF PUBLIC SAFETY
GAMING COMMISSION
COMPULSIVE GAMBLERS' FUND**



The Governor recommends a \$46,612 transfer from the gaming commission fund to the compulsive gamblers' fund for prevention and treatment efforts to assist problem gamblers.

**DEPARTMENT OF PUBLIC SAFETY
ADJUTANT GENERAL
TUITION ASSISTANCE**

H.B. Sec. 15.120	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
General Revenue Fund	\$ 200,000	\$ 200,000	\$ 0	\$ 0
National Guard Trust Fund	<u>1,400,000</u>	<u>1,400,000</u>	<u>607,717</u>	<u>607,717</u>
TOTAL	\$ 1,600,000	\$ 1,600,000	\$ 607,717	\$ 607,717

The Governor recommends \$607,717 to provide educational assistance for Missouri National Guard members.

**DEPARTMENT OF CORRECTIONS
OFFICE OF THE DIRECTOR
FUEL AND UTILITIES DEPARTMENT-WIDE**

H.B. Sec. 15.125	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
EXPENSE AND EQUIPMENT				
General Revenue Fund	\$ 10,993,791	\$ 10,735,251	\$ 3,461,511	\$ 3,461,511
Working Capital Revolving Fund	<u>2,931,502</u>	<u>2,931,502</u>	<u>0</u>	<u>0</u>
TOTAL	\$ 13,925,293	\$ 13,666,753	\$ 3,461,511	\$ 3,461,511

The Governor recommends \$3,461,511 for increased fuel costs.

**DEPARTMENT OF CORRECTIONS
BOARD OF PUBLIC BUILDINGS**

FUEL AND UTILITIES

H.B. Sec. 15.130	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
EXPENSE AND EQUIPMENT General Revenue Fund	\$ 2,150,000	\$ 2,096,250	\$ 465,000	\$ 465,000

The Governor recommends \$465,000 for increased fuel costs.

DEPARTMENT OF CORRECTIONS
DIVISION OF ADULT INSTITUTIONS

H.B. Sec. 15.135	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PERSONAL SERVICE	\$ 0	\$ 0	\$ 2,824,095	\$ 0
EXPENSE AND EQUIPMENT	<u>0</u>	<u>0</u>	<u>2,241,609</u>	<u>400,000</u>
TOTAL				
General Revenue Fund	\$ 0	\$ 0	\$ 5,065,704	\$ 400,000

The Governor recommends \$400,000 for costs associated with opening the Southeast Correctional Center in Charleston.

DEPARTMENT OF CORRECTIONS
OFFENDER REHABILITATIVE SERVICES
CONTRACTUAL SERVICES FOR PHYSICAL HEALTH CARE

H.B. Sec. 15.140	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PERSONAL SERVICE AND/OR EXPENSE AND EQUIPMENT				
General Revenue Fund	\$ 48,469,418	\$ 41,442,008	\$ 6,708,405	\$ 5,868,027
Federal Funds	<u>2,800,000E</u>	<u>3,000,000</u>	<u>0</u>	<u>0</u>
TOTAL	\$ 51,269,418E	\$ 44,442,008	\$ 6,708,405	\$ 5,868,027

The Governor recommends \$5,868,027 for inmate medical care.

DEPARTMENT OF MENTAL HEALTH
OFFICE OF THE DIRECTOR
FEDERAL FUNDS

H.B. Sec. 15.145	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
EXPENSE AND EQUIPMENT Federal Funds	\$ 0	\$ 270,000	\$ 1,002,048	\$ 1,002,048

The Governor recommends \$1,002,048 in additional federal appropriation authority to enable the Department of Mental Health to use increased funds from the Mental Health and Substance Abuse Block Grant and federal grants for outreach, services, and housing support for homeless persons who are mentally ill.

**DEPARTMENT OF MENTAL HEALTH
DIVISION OF COMPREHENSIVE PSYCHIATRIC SERVICES
FUEL AND UTILITIES**

H.B. Sec. 15.150	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
EXPENSE AND EQUIPMENT General Revenue Fund	\$ 4,473,678	\$ 4,473,678	\$ 688,755	\$ 688,755

The Governor recommends \$688,755 to enable the state's psychiatric inpatient facilities to meet the increased costs of natural gas.

**DEPARTMENT OF MENTAL HEALTH
DIVISION OF COMPREHENSIVE PSYCHIATRIC SERVICES
FULTON STATE HOSPITAL
SEXUALLY VIOLENT PREDATOR PROGRAM**

H.B. Sec. 15.155	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PERSONAL SERVICE AND/OR EXPENSE AND EQUIPMENT General Revenue Fund	\$ 44,492,577	\$ 44,597,173	\$ 259,884	\$ 259,884

The Governor recommends \$259,884 for 11 security aides and expenses to establish a female ward for the Sexually Violent Predator Program. A woman was recently placed in the department's custody as a possible sexually violent predator. She must be segregated from the males in this program, as well as from other mental health clients. During Fiscal Year 2001, she is being housed in the Biggs Forensic Center at Fulton State Hospital. New space for the Sexually Violent Predator Program will become available during Fiscal Year 2002 at the Southeast Missouri Mental Health Center. Continuation funding for this item is therefore included as part of the Governor's Fiscal Year 2002 recommendation to expand the Sexually Violent Predator Program.

**DEPARTMENT OF MENTAL HEALTH
DIVISION OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES
FUEL AND UTILITIES**

H.B. Sec. 15.160	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
EXPENSE AND EQUIPMENT General Revenue Fund	\$ 2,830,880	\$ 2,730,880	\$ 379,308	\$ 379,308

The Governor recommends \$379,308 to enable the state's facilities for persons with developmental disabilities to

meet the increased costs of natural gas.

DEPARTMENT OF SOCIAL SERVICES
DIVISION OF FAMILY SERVICES
GRANDPARENTS AS FOSTER PARENTS



The Governor recommends \$9,274,737 for increased expenditures due to caseload growth in the Grandparents as Foster Parents Program.

DEPARTMENT OF SOCIAL SERVICES
DIVISION OF DATA PROCESSING
STATE DATA CENTER COSTS

H.B. Sec. 15.170	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
EXPENSE AND EQUIPMENT				
General Revenue Fund	\$ 7,889,983	\$ 7,307,024	\$ 1,047,994	\$ 534,576
Federal Funds	21,043,137	21,043,137	0	513,418
Administrative Trust Fund	403,289	403,289	0	0
Child Support Collections Fund	515,051	1,098,010	0	0
DSS - Educational Improvement Fund	127,238	127,238	0	0
Third Party Liability Collections Fund	43,271	43,271	0	0
Nursing Facility Quality of Care Fund	959	959	0	0
TOTAL	\$ 30,022,928	\$ 30,022,928	\$ 1,047,994	\$ 1,047,994

The Governor recommends \$1,047,994 to address the increase in State Data Center processing costs associated with Department of Social Services' existing systems and the Missouri Automated Child Support System.

DEPARTMENT OF SOCIAL SERVICES
DIVISION OF FAMILY SERVICES
FUTURES

H.B. Sec. 15.175	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
General Revenue Fund	\$ 2,760,000	\$ 2,760,000	\$ 806,683	\$ 806,683
Federal Funds	7,586,605	7,586,605	2,974,797	2,974,797
TOTAL	\$ 10,346,605	\$ 10,346,605	\$ 3,781,480	\$ 3,781,480

The Governor recommends \$3,781,480 due to increased expenditures in the FUTURES Program.

DEPARTMENT OF SOCIAL SERVICES
DIVISION OF FAMILY SERVICES
CHILD CARE

H.B. Sec. 15.180	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
General Revenue Fund	\$ 57,800,000	\$ 57,800,000	\$ 0	\$ 0
Federal Funds	86,000,000	86,000,000	11,250,000E	11,250,000E
Early Childhood Development, Education and Care Fund	17,028,152	17,028,152	0	0
TOTAL	\$ 160,828,152	\$ 160,828,152	\$ 11,250,000E	\$ 11,250,000E

The Governor recommends \$11,250,000 on an open-ended basis for the Child Care Program.

**DEPARTMENT OF SOCIAL SERVICES
DIVISION OF FAMILY SERVICES
GENERAL RELIEF**

H.B. Sec. 15.185	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
General Revenue Fund	\$ 5,550,000	\$ 5,550,000	\$ 820,000	\$ 820,000
Federal Funds	740,000	740,000	0	0
TOTAL	\$ 6,290,000	\$ 6,290,000	\$ 820,000	\$ 820,000

The Governor recommends \$820,000 to meet the caseload requirements of the General Relief Program, which provides assistance to needy and medically unemployable adults who cannot qualify under any other assistance program.

**DEPARTMENT OF SOCIAL SERVICES
DIVISION OF FAMILY SERVICES
BLIND PENSION**

H.B. Sec. 15.190	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
Blind Pension Fund	\$ 15,971,788	\$ 15,971,788	\$ 150,000	\$ 150,000

The Governor recommends \$150,000 for increased expenditures due to caseload growth.

**DEPARTMENT OF SOCIAL SERVICES
DIVISION OF FAMILY SERVICES
LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM**

H.B. Sec. 15.195	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
General Revenue Fund	\$ 1,000,000	\$ 1,000,000	\$ 0	\$ 5,000,000
Federal Funds	<u>27,300,000</u>	<u>27,300,000</u>	<u>1E</u>	<u>26,235,110E</u>
TOTAL	\$ 28,300,000	\$ 28,300,000	\$ 1E	\$ 31,235,110E

The Governor recommends \$26,235,110 on an open-ended basis for the Low-Income Home Energy Assistance Program.

**DEPARTMENT OF SOCIAL SERVICES
DIVISION OF FAMILY SERVICES
CHILDREN'S SERVICES POOL**

H.B. Sec. 15.200	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
General Revenue Fund	\$ 7,727,035	\$ 7,720,000	\$ 4,994,397	\$ 4,994,397
Federal Funds	<u>3,667,035</u>	<u>3,667,035</u>	<u>3,265,859</u>	<u>3,265,859</u>
TOTAL	\$ 11,394,070	\$ 11,387,035	\$ 8,260,256	\$ 8,260,256

The Governor recommends \$8,260,256 for increased needs and expenditures in the Foster Care, Adoption Subsidy, and Children's Treatment Services Programs.

**DEPARTMENT OF SOCIAL SERVICES
DIVISION OF FAMILY SERVICES
DOMESTIC VIOLENCE**

H.B. Sec. 15.205	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
General Revenue Fund	\$ 2,800,000	\$ 2,800,000	\$ 0	\$ 0
Federal Funds	<u>1,000,000</u>	<u>1,000,000</u>	<u>347,534</u>	<u>347,534</u>
TOTAL	\$ 3,800,000	\$ 3,800,000	\$ 347,534	\$ 347,534

The Governor recommends \$347,534 for the Domestic Violence Program.

**DEPARTMENT OF SOCIAL SERVICES
DIVISION OF AGING
HOME AND COMMUNITY SERVICES GRANTS**

H.B. Sec. 15.210	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
General Revenue Fund	\$ 9,900,000	\$ 9,900,000	\$ 0	\$ 0
Federal Funds	27,172,159	27,172,159	1,750,000	1,750,000
Division of Aging – Elderly Home Delivered Meals Trust Fund	430,000	430,000	0	0
TOTAL	\$ 37,502,159	\$ 37,502,159	\$ 1,750,000	\$ 1,750,000

The Governor recommends \$1,750,000 to establish the National Family Caregiver Support Program.

ELECTED OFFICIALS ATTORNEY GENERAL

H.B. Sec. 15.215	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PERSONAL SERVICE				
General Revenue Fund	\$ 10,033,567	\$ 10,065,411	\$ 28,125	\$ 28,125
Merchandising Practices Revolving Fund	419,752	345,519	141,810	141,810
EXPENSE AND EQUIPMENT				
General Revenue Fund	2,340,803	2,340,803	76,275	76,275
Merchandising Practices Revolving Fund	503,726	430,526	482,647	482,647
TOTAL	\$ 13,297,848	\$ 13,182,259	\$ 728,857	\$ 728,857
General Revenue Fund	12,374,370	12,406,214	104,400	104,400
Merchandising Practices Revolving Fund	923,478	776,045	624,457	624,457

The Governor recommends \$624,457 merchandising practices revolving fund and 7.5 staff to establish the No Call Unit as required by SB 763 (2000), and \$104,400 and three staff to monitor racial profiling as required by SB 1053 (2000).

OFFICE OF STATE PUBLIC DEFENDER



The Governor recommends \$400,000 to train, equip, and recruit employees of the State Public Defender System.

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FY 2002 EXECUTIVE BUDGET

CAPITAL IMPROVEMENTS

POLICY SUMMARY

Governor Holden recommends one-time revenues to support aging veterans, improve Missouri state parks and historic sites, improve State Board-Operated Schools, and complete other important projects. These investments are possible as a result of sound financial management. Litigation currently under way regarding the total state revenue refunds owed under Article X of the Missouri Constitution could delay, reduce, or eliminate the availability of funds for capital improvement projects.

Missouri uses a biennial appropriations process for capital improvements. A biennial approach permits the state to complete projects more efficiently and economically, improves capital planning, and reduces the need for reappropriations. [Table 1](#) summarizes the \$168.7 million capital improvements program for the Fiscal Years 2002-2003 biennial budget:

- \$83.1 million is recommended for Fiscal Year 2002, including \$30.3 million general revenue.
- \$85.5 million is recommended for Fiscal Year 2003, including \$48.4 general revenue.

[Tables 2](#) and [3](#) illustrate the allocation of funds among state agencies for the projects recommended by the Governor for Fiscal Years 2002-2003. As the tables indicate, the Governor recommends:

- \$96.7 million for vital maintenance and repairs to state-owned facilities, including \$67.7 million from the facilities maintenance and reserve fund.
- \$72 million for planning, renovation, new construction, land acquisition, and other improvements, including \$2.9 million general revenue.

SUPPORT FOR VETERANS

In recognition of the debt owed to veterans by all Missourians, Governor Holden is committed to providing quality facilities for our aging veterans. The Fiscal Years 2002-2003 budget contains:

- \$851,113 for improvements to veterans' cemeteries at Higginsville and Springfield, including changing rooms for members of Missouri National Guard honor details.
- \$150,824 for various improvements, including a patio for residents at the Cape Girardeau Veterans' Home.

In addition, the Fiscal Year 2001 Supplemental Appropriations include funds for the following projects:

- \$2,445,000 to complete construction of six outpatient clinics for veterans.
- \$1,500,000 to complete construction of a 100-bed dementia wing at the St Louis Veterans' Home.
- \$1,500,000 to complete construction of the new 150-bed Mt. Vernon Veterans' Home.

ENHANCING MISSOURI STATE PARKS AND HISTORIC SITES

Since the one-tenth of one percent parks and soil sales tax was first approved in 1984, Missourians and visitors to our state parks and historic sites have benefited. With the sales tax proceeds, the Department of Natural Resources has remodeled campgrounds, provided paved campground roads, built new shower houses and restrooms, made landscape and building renovations, and provided new education and site interpretation centers and programs. The Governor recommends \$11.7 million for construction and maintenance projects at Missouri state parks and historic sites in the biennial budget, including:

- \$5.9 million to upgrade and renovate state park facilities statewide.
- \$4.1 million for unprogrammed requirements at state parks, including historic preservation, land acquisition, and repair and replacement work.
- \$1.7 million for various maintenance and repair projects statewide.

IMPROVEMENTS AT STATE BOARD-OPERATED SCHOOLS

In addition to funding from the facilities maintenance reserve fund, a portion of anticipated Fiscal Years 2002-2003 bingo revenue is recommended for capital improvement projects at State Board-Operated Schools, the Missouri School for the Blind, and the Missouri School for the Deaf, including:

- \$9.0 million for maintenance and repair projects.
- \$1.9 million for corrective construction projects.
- \$450,000 for unprogrammed emergency funds for Fiscal Year 2003 projects.

STATE OFFICE BUILDINGS

The Governor's budget includes funds to improve state office buildings for program use and to take essential preservation actions to maintain the structural integrity of Missouri government facilities. The Governor recommends:

- \$5.6 million for repairs to public areas in the Capitol. This recommendation is the result of an extensive study performed to assess Capitol repair and renovation needs. These funds will ensure a comprehensive approach can be taken towards preservation of this unique state monument.
- \$4.9 million for maintenance and repair at state office buildings.

OTHER CAPITAL IMPROVEMENTS

State agencies need modern, well-maintained facilities in order to serve the public effectively. The Fiscal

Years 2002-2003 budget includes:

- \$50 million to acquire, develop, improve, and repair Department of Conservation facilities.
- \$20.1 million for projects at Missouri National Guard facilities located throughout the state, including \$8.5 million for a new Maryville armory that will be a state/local joint-use facility.
- \$19.3 million for security and life-safety improvement projects at Department of Corrections facilities located throughout the state.
- \$15.4 million for Department of Mental Health projects, including \$2.5 million to replace the Western Missouri Mental Health Center.
- \$2.6 million for life-safety improvements and general repair projects at facilities throughout the state that house youth placed in the custody of the Division of Youth Services.
- \$2.4 million for maintenance and repair projects at Highway Patrol facilities statewide.
- \$2.0 million for various maintenance and repair projects at the Missouri State Fairgrounds.
- \$1.5 million for repairs to the Governor's Mansion, including roof replacement, stone repair, HVAC improvements, ADA compliance work, painting, plastering and other renovation work.
- \$1.5 million to perform facility condition assessments of all state facilities except those of the Conservation and Transportation departments.
- \$500,000 to begin planning for a riverfront overlook project at the Capitol.

[Table 1](#): Fiscal Years 2002-2003 Capital Improvements Summary

[Table 2](#): Fiscal Years 2002-2003 Capital Improvements Summary - Maintenance and Repair

[Table 3](#): Fiscal Years 2002-2003 Capital Improvements Summary - Construction



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FY 2002 EXECUTIVE BUDGET
ELECTED OFFICIALS
FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	FY 2002
Office of the Chief Executive	\$ 2,252,801	\$ 2,437,339	\$ 2,454,522
Lieutenant Governor	330,579	417,897	419,472
Secretary of State	25,188,232	28,326,038	27,276,581
State Auditor	7,227,548	8,946,770	9,198,625
State Treasurer	11,925,659	7,471,448	7,508,068
Attorney General	16,074,468	21,123,174	22,286,918
TOTAL	\$ 62,999,287	\$ 68,722,666	\$ 69,144,186
General Revenue Fund	43,409,634	46,007,719	45,740,542
Federal Funds	3,804,013	6,707,756	6,731,230
Treasurer's Information Fund	1,482	8,000	8,000
Secretary of State's Technology Trust Fund Account	1,082,168	3,010,136	3,010,556
Gaming Commission Fund	145,962	206,461	207,196
Central Check Mailing Service Revolving Fund	141,065	225,000	225,000
Natural Resources Protection Fund - Air Pollution Permit Fee Subaccount	35,267	36,487	36,645
Solid Waste Management Fund	35,771	36,997	37,157
Local Records Preservation Fund	1,396,528	1,898,929	1,897,696
Petroleum Storage Tank Insurance Fund	20,410	21,825	21,930
Motor Vehicle Commission Fund	0	44,482	44,692
Health Spa Regulatory Fund	5,000	5,000	5,000
Natural Resources Protection Fund - Water Pollution Permit Fee Subaccount	35,269	36,497	36,657
Attorney General's Court Costs Fund	187,000	187,000	187,000
Conservation Commission Fund	38,407	39,933	40,143
Parks Sales Tax Fund	17,877	18,640	18,745
Soil and Water Sales Tax Fund	29,653	30,808	30,966
Merchandising Practices Revolving Fund	428,110	776,045	1,325,019
State Highways and Transportation Department Fund	1,052,984	1,109,166	1,114,941
Petition Audit Revolving Trust Fund	6,500	613,912	617,272
Workers' Compensation Fund	257,776	452,906	454,271
Second Injury Fund	1,725,634	2,067,218	2,042,068
Lottery Enterprise Fund	34,661	48,173	48,383
Hazardous Waste Fund	35,269	36,487	36,645
Safe Drinking Water Fund	12,452	12,867	12,922
Missouri Office of Prosecution Services Fund	158,514	255,771	256,296
Hazardous Waste Remedial Fund	218,189	225,799	226,694
Inmate Incarceration Reimbursement Act Revolving Fund	28,339	33,395	33,605
State Document Preservation Fund	0	27,515	154,385
Missouri Office of Prosecution Services Revolving Fund	63,427	80,000	80,000
Abandoned Fund Account	8,328,505	4,129,701	4,129,701
Mined Land Reclamation Fund	12,448	12,854	12,907
Secretary of State Wolfner State Library Fund	16,616	35,000	35,000
Secretary of State Institution Gift Trust Fund	234,357	284,187	284,922

FY 2002 EXECUTIVE BUDGET

OFFICE OF THE CHIEF EXECUTIVE

FINANCIAL SUMMARY



GOVERNOR'S OFFICE AND MANSION

Article IV, Section 1 of the Missouri Constitution describes the duties and responsibilities of the Governor. This program includes the statutory salary of the Governor, funds for the personnel in the Governor's offices and the mansion, and the expense and equipment costs for the offices and mansion.

Fiscal Year 2002 Governor's Recommendations

- \$8,883 for pay plan.

NATIONAL GUARD EMERGENCY

The Missouri National Guard, when called to active duty by the Governor under Section 41.480, RSMo, has the authority to restore law and order and to assist in the disaster relief of any section of the state where circumstances exceed the resources of local civil authorities. The most common use of the guard has been for cleanup and security following natural disasters such as a flood or tornado, and public action during a time of local disorder.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level on an open-ended basis.

ASSOCIATION DUES

The National Governors' Association is an instrument of the governors of the 50 states. It is intended to influence the development and implementation of national policy and apply creative leadership to state problems. The association works closely with the President and the Congress on state-federal policy issues from its offices in the Hall of the States in Washington, D.C. Through its Center for Policy Research, the association also serves as a vehicle for sharing knowledge of innovative programs among

states and provides technical assistance to governors.

The Southern Governors' Association provides a forum of cooperation among governors of southern states to work together and with the federal government to meet the unique needs of the states in the region.

Fiscal Year 2002 Governor's Recommendations

- \$5,300 for National Governors' Association membership dues increase.

SPECIAL AUDITS

Section 26.060, RSMo authorizes the Governor to call for special audits of any entity receiving state funds when the public interest of the state will be served.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level on an open-ended basis.

GOVERNOR'S MANSION PRESERVATION ADVISORY COMMISSION

The Commission is composed of widows of former Missouri Governors in accordance with Section 8.020, RSMo. The members receive a sum of \$3,000 per year for serving on the Commission.

Fiscal Year 2002 Governor's Recommendations

- \$3,000 for an additional member of the Commission.

GOVERNMENTAL EMERGENCY FUND COMMITTEE

Sections 33.700 through 33.730, RSMo create the governmental emergency fund, Governmental Emergency Fund Committee, and allocation procedures for appropriations of emergency funds. Funds from this appropriation may be allocated by a majority vote of the Governmental Emergency Fund Committee members for the purpose of meeting emergency and unanticipated requirements. The committee consists of the Governor, Commissioner of Administration, the chair and ranking minority member of the Senate Appropriations Committee, the chair and ranking minority member of the House Appropriations Committee, and the director of the Division of Design and Construction who serves as an ex officio consultant to the committee.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level on an open-ended basis.

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FY 2002 EXECUTIVE BUDGET

LIEUTENANT GOVERNOR

Article IV, Section 10 of the Missouri Constitution describes the duties and responsibilities of the Lieutenant Governor. The statutory salary of the Lieutenant Governor and funds for the personnel and expense and equipment costs in operating the Office of the Lieutenant Governor are included in this program. The Lieutenant Governor presides over the Senate and serves as Secretary of the Board of Public Buildings.

Proposition C, passed by voters in November 1992, established the office of advocacy and assistance for the elderly in the Lieutenant Governor's Office. The proposition also made the Lieutenant Governor a member of the Tourism, Economic Development and Fund Commissioners Boards, and an advisor for educational programs.

Fiscal Year 2002 Lieutenant Governor's Office

- \$1,575 for pay plan.

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	FY 2002
Personal Service	\$ 296,663	\$ 340,002	\$ 341,577
Expense and Equipment	33,916	77,895	77,895
TOTAL			
General Revenue Fund	\$ 330,579	\$ 417,897	\$ 419,472
Full-time equivalent employees	7.40	8.50	8.50

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FY 2002 EXECUTIVE BUDGET
SECRETARY OF STATE
FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	FY 2002
Administrative Services	\$ 13,340,437	\$ 17,464,040	\$ 17,202,688
Local Records Grants	376,384	600,000	600,000
Refunds of Overpayments	2,824,773	100,000	100,000
Absentee Ballots	0	120,000	120,000
Elections Public Notice	0	1,000,000	100,000
Missouri Library Programs	8,646,638	9,041,998	9,153,893
TOTAL	\$ 25,188,232	\$ 28,326,038	\$ 27,276,581
PERSONAL SERVICE			
General Revenue Fund	6,301,709	7,397,036	7,448,963
Federal Funds	291,466	500,718	504,057
Secretary of State's Technology Trust Fund Account	29,945	77,480	77,900
Local Records Preservation Fund	734,621	894,247	899,969
State Document Preservation Fund	0	1	116,460
Secretary of State Institution Gift Trust Fund	102,612	120,723	121,458
EXPENSE AND EQUIPMENT			
General Revenue Fund	3,646,459	4,512,359	3,776,781
Federal Funds	247,624	427,568	702,574
Secretary of State's Technology Trust Fund Account	1,052,223	2,932,654	2,932,656
Local Records Preservation Fund	285,523	404,679	397,727
State Document Preservation Fund	0	0	10,410
Secretary of State Wolfner State Library Fund	16,616	35,000	35,000
Secretary of State Institution Gift Trust Fund	131,745	163,461	163,464
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	9,602,965	8,432,584	7,961,647
Federal Funds	2,368,340	1,800,006	1,500,000
Secretary of State's Technology Trust Fund Account	0	2	0
Local Records Preservation Fund	376,384	600,003	600,000
State Document Preservation Fund	0	27,514	27,515
Secretary of State Institution Gift Trust Fund	0	3	0
TOTAL	\$ 25,188,232	\$ 28,326,038	\$ 27,276,581
General Revenue Fund	19,551,133	20,341,979	19,187,391
Federal Funds	2,907,430	2,728,292	2,706,631
Secretary of State's Technology Trust Fund Account	1,082,168	3,010,136	3,010,556
Local Records Preservation Fund	1,396,528	1,898,929	1,897,696
State Document Preservation Fund	0	27,515	154,385
Secretary of State Wolfner State Library Fund	16,616	35,000	35,000
Secretary of State Institution Gift Trust Fund	234,357	284,187	284,922
Full-time equivalent employees	266.86	296.90	299.90

ADMINISTRATION

The Office of the Secretary of State is organized as follows:

1. Administrative Services provides central budgeting, personnel, human resources, accounting, supplies, and mailroom services for all areas of the office. Responsibilities also include publication of the official manual of the state of Missouri, the Constitution, corporation laws, securities laws, the uniform commercial code manual, notary public laws, trademark laws, primary election returns, and the state and general assembly roster.
2. Executive Services provides central services such as communications and public relations and houses the executive staff. The Securities Commissioner administers the Missouri Uniform Securities Act.
3. Elections Services prepares ballots, certify candidates, canvass elections returns, certify initiative petitions, and maintain the statewide voter registration database.
4. Record Services provides for the maintenance, retention, preservation, and disposal of official records of the state and local governments of Missouri.
5. Administrative Rules and Legal Services provide central services such as legal counsel and is the central filing office for all rules and regulations promulgated by departments of the State of Missouri.
6. Securities Services works to protect Missouri investors from fraud and maintain an orderly securities market in the state.
7. Business Services administers the laws and filings of corporations and non-profit organizations. Additionally, the division is the central filing office and custodian of all filings on business and professional loans.
8. Information Technology Services provides support for information systems.
9. Library Services supports or works in concert with public, academic, and institutional libraries of the state with grant support, consultant services, development of criteria for establishment of libraries, collection development, resource sharing and coordination. The library serves as a research and reference library for state government and the legislature, and as the central outlet for census data information.
10. Wolfner Library for the Blind and Physically Handicapped provides a variety of Braille and large print books, talking books recorded on cassette and discs, as well as cassette and disc playback equipment for eligible blind, visually impaired, physically handicapped, and learning disabled citizens. Production of the materials, equipment, and postal charges for their distribution are provided by the federal government through the National Library Service. The state of Missouri pays for the cost of housing the collections of material and equipment for the staff to operate the service.

Fiscal Year 2002 Secretary of State's Office

- \$600,000 to publish the Official Manual as required by state statute.
- \$171,000 to support new NEWSLINE sites in Jefferson City, Columbia, and Joplin.
- \$126,870 state document preservation fund and three staff to enhance document preservation efforts.
- \$23,000 to provide enhanced support for Wolfner Library operations.
- \$62,143 for pay plan, including \$51,927 general revenue.
- (\$1,219,365) core reduction for one-time expenditures, including (\$1,212,410) general revenue.
- (\$25,000) federal funds core reduction from the Fiscal Year 2001 appropriation level.

LOCAL RECORDS GRANTS

These funds are user fees designated for local records preservation. Missouri local governments submit proposals that address their specific needs in archives/records management. The Historical Records Advisory Board in concert with the Local Records Program Fiscal Grants Officer will establish priorities and implement and audit the return of money to local governments.

Fiscal Year 2002 Secretary of State's Office

Continue funding at the current level.

REFUND OF OVERPAYMENTS

The Secretary of State's Office collects fees for many of the services it provides. Refunds must be made for overpayments received.

Fiscal Year 2002 Secretary of State's Office

Continue funding at the current level on an open-ended basis.

INITIATIVE, REFERENDUM AND CONSTITUTIONAL AMENDMENTS EXPENSES

These funds are provided to allow for the publication of the texts of initiative petitions and referendums in newspapers prior to their consideration by the electorate of the State of Missouri. Payments are made in accordance with Chapter 125, RSMo for constitutional amendments and Chapter 126, RSMo for initiative petitions and referendums.

Fiscal Year 2002 Secretary of State's Office

- (\$900,000) core reduction for one-time expenditures.

MISSOURI LIBRARY PROGRAMS

STATE AID FOR PUBLIC LIBRARIES

The Missouri Constitution authorizes the state to support and aid public libraries. Consistent with this authority and the procedure set out in Section 181.060, RSMo, the Missouri State Library distributes funds to eligible public libraries on the basis of population served by the library district. A public library becomes eligible for participation if it has voted a local tax of at least ten cents per one hundred dollars assessed valuation. Local libraries use state funds to supplement local support.

Fiscal Year 2002 Secretary of State's Office

- \$977,572 to increase the state aid to public libraries program.

REMOTE ELECTRONIC ACCESS FOR LIBRARIES

The Remote Electronic Access for Libraries (REAL) project is designed to connect all public libraries in Missouri to each other and the Internet through dedicated data connections. Library patrons will have quick access to resources far beyond those available solely within their community.

Fiscal Year 2002 Secretary of State's Office

Continue funding at the current level.

FEDERAL AID FOR PUBLIC LIBRARIES

The Missouri State Library administers federal grants under the federal Library Services and Construction Act. The library distributes funds to local public libraries for personnel, books, and other library materials, and for general

operating expenses to develop and improve library services. In addition, funds are available to local groups of libraries for improving local library cooperation. All costs for cooperative projects except book purchases and building construction are eligible for funding.

Fiscal Year 2002 Secretary of State's Office

Continue funding at the current level on an open-ended basis.

LITERACY INVESTMENT FOR TOMORROW

The Missouri State Library serves as fiscal agent for the state literacy resource center, Literacy Investment for Tomorrow (LIFT) in St. Louis. The center promotes and develops resources for organizations that provide literacy services.

Fiscal Year 2002 Secretary of State's Office

Continue funding at the current level.

LIBRARY NETWORKING FUND

Senate Bill 724 (1998) authorized the transfer of the nonresident entertainers and athletes income taxes to various entities.

Fiscal Year 2002 Secretary of State's Office

- (\$865,677) core reduction from the Fiscal Year 2001 appropriation level.

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FY 2002 EXECUTIVE BUDGET

STATE AUDITOR

The State Auditor's Office performs audits of various state agencies, third- and fourth-class counties, other political subdivisions as required by petition, and claims made to the Office of Emergency Preparedness for reimbursement of disaster expenditures. Financial accountability, legality of financial transactions, and operational efficiency are examined in the audits. Audit reports are delivered to the Governor, the General Assembly, the auditee, and interested citizens. The State Auditor also registers all bonds as required by law; distributes accounting forms to the counties; files county budgets and municipal financial statements; processes federal levies and payroll sequestrations; provides research for the creation of permanent audit files; provides legal, organizational, and program research for county and state audits; and assists state, county, and local governments in establishing uniform accounting systems and procedures.

Fiscal Year 2002 Auditor's Office

- \$300,000 for privatization of audit work through the audit procurement program.
- \$19,980 for a replacement passenger van.
- \$4,600 for economic analysis software to aid in the cost/benefit analysis of tax credit programs.
- \$38,105 for pay plan, including \$28,655 general revenue.
- (\$110,830) core reduction for one-time expenditures.

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	FY 2002
PERSONAL SERVICE			
General Revenue Fund	\$ 4,869,839	\$ 5,514,203	\$ 5,542,858
Federal Funds	344,227	461,150	463,460
Gaming Commission Fund	33,216	58,594	58,804
Conservation Commission Fund	35,796	37,322	37,532
Parks Sales Tax Fund	17,877	18,640	18,745
Soil and Water Sales Tax Fund	17,200	17,949	18,054
State Highways and Transportation Department Fund	604,181	628,414	631,564
Petition Audit Revolving Trust Fund	6,500	561,296	564,656
EXPENSE AND EQUIPMENT			
General Revenue Fund	1,219,052	1,501,750	1,715,500
Federal Funds	44,671	44,967	44,967
Gaming Commission Fund	7,699	22,580	22,580
Conservation Commission Fund	2,611	2,611	2,611
State Highways and Transportation Department Fund	24,679	24,678	24,678
Petition Audit Revolving Trust Fund	0	52,616	52,616
TOTAL	\$ 7,227,548	\$ 8,946,770	\$ 9,198,625
General Revenue Fund	6,088,891	7,015,953	7,258,358
Federal Funds	388,898	506,117	508,427
Gaming Commission Fund	40,915	81,174	81,384
Conservation Commission Fund	38,407	39,933	40,143
Parks Sales Tax Fund	17,877	18,640	18,745
Soil and Water Sales Tax Fund	17,200	17,949	18,054
State Highways and Transportation Department Fund	628,860	653,092	656,242
Petition Audit Revolving Trust Fund	6,500	613,912	617,272
Full-time equivalent employees	139.65	182.45	182.45

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FY 2002 EXECUTIVE BUDGET

STATE TREASURER

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	FY 2002
Administration	\$ 2,552,258	\$ 2,862,448	\$ 2,899,068
Issuing Duplicate Checks	1,153,643	450,000	450,000
Abandoned Fund Account	8,198,804	4,150,000	4,150,000
Linked Deposit Refunds	16,976	4,000	4,000
Issuing Outlawed Checks	3,978	5,000	5,000
TOTAL	\$ 11,925,659	\$ 7,471,448	\$ 7,508,068
PERSONAL SERVICE			
General Revenue Fund	1,346,113	1,507,321	1,515,406
State Highways and Transportation Department Fund	424,124	456,074	458,699
Second Injury Fund	27,255	36,022	36,232
EXPENSE AND EQUIPMENT			
General Revenue Fund	479,928	497,050	522,750
Treasurer's Information Fund	1,482	8,000	8,000
Central Check Mailing Service Revolving Fund	141,065	225,000	225,000
Second Injury Fund	2,590	3,280	3,280
Abandoned Fund Account	129,701	129,701	129,701
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	1,174,597	609,000	609,000
Abandoned Fund Account	8,198,804	4,000,000	4,000,000
TOTAL	\$ 11,925,659	\$ 7,471,448	\$ 7,508,068
General Revenue Fund	3,000,638	2,613,371	2,647,156
Treasurer's Information Fund	1,482	8,000	8,000
Central Check Mailing Service Revolving Fund	141,065	225,000	225,000
State Highways and Transportation Department Fund	424,124	456,074	458,699
Second Injury Fund	29,845	39,302	39,512
Abandoned Fund Account	8,328,505	4,129,701	4,129,701
Full-time equivalent employees	49.98	53.00	53.00

ADMINISTRATION

The State Treasurer is responsible for receiving and keeping state moneys, posting receipts to the proper funds, and signing warrants drawn according to law. As custodian of those funds, the Treasurer determines the amount of state moneys not needed for current operating expenses and invests those funds in interest-bearing time deposits in Missouri banking institutions or in short-term United States government obligations. The Treasurer is required to give due consideration to the preservation of state funds and the comparative yields available. The Treasurer also must determine whether the general welfare of the state is better served by investing state funds in United States securities or within the Missouri banking system.

The Treasurer also administers the state's unclaimed property law by collecting unclaimed or abandoned funds and

property belonging to Missouri citizens and trying to locate the owners.

Fiscal Year 2002 State Treasurer's Office

- \$24,700 for increased operating expenses.
- \$1,000 to monitor investments in Northern Ireland pursuant to SB 544 (1994).
- \$10,920 for pay plan, including \$8,085 general revenue.

ISSUING DUPLICATE CHECKS

This recommendation allows payment of claims against the state in cases where checks are not presented for payment within 12 months of issuance as required by law.

Fiscal Year 2002 State Treasurer's Office

Continue funding at the current level on an open-ended basis.

ABANDONED FUND ACCOUNT

In accordance with Section 447.543, RSMo, the abandoned fund account has the two-fold purpose of receiving deposits from financial institutions, business organizations, business associations, or insurance corporations on accounts that have remained unclaimed for a period of seven years by any person or persons authorized to receive the same and making the payment of valid claims. Any time the fund exceeds \$50,000, the Treasurer may, and at least once every year shall, transfer the excess to general revenue. If verified claims for payment should reduce the balance in the account to less than \$25,000, the Treasurer shall transfer from general revenue an amount sufficient to restore the fund to \$50,000.

Fiscal Year 2002 State Treasurer's Office

Continue funding at the current level on an open-ended basis.

LINKED DEPOSIT REFUNDS

The Linked Deposit program provides a mechanism for providing low-interest loans as specified in Section 30.750, RSMo. A certificate of deposit is placed by the State Treasurer with an eligible lending institution at up to three percent below market rate provided that the institution agrees to lend the value of the deposit at below the current borrowing rate. If the lending institution does not loan the full amount of the deposit, the institution must pay to the state the additional up to three percent discounted by the agreement. If a subsequent audit or review uncovers an overpayment error in the calculation of additional interest due, a refund must be made to the lending institution.

Fiscal Year 2002 State Treasurer's Office

Continue funding at the current level on an open-ended basis.

ISSUING OUTLAWED CHECKS


This recommendation allows replacement of state checks that are presented for payment more than five years after their date of issuance.

Fiscal Year 2002 State Treasurer's Office

Continue funding at the current level on an open-ended basis.

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FY 2002 EXECUTIVE BUDGET

ATTORNEY GENERAL

The Attorney General takes legal action to protect the rights and interests of the state, defends or prosecutes appeals to which the state is a party, provides opinions regarding state law, and assists prosecuting attorneys in the prosecution of cases. The Office of the Attorney General has several responsibilities for which specific funds have been established by law.

Section 27.080, RSMo established the Attorney General's court costs fund to receive deposits and make payments of court costs in litigation requiring the appearance of the Attorney General. This fund is supplemented by a transfer from general revenue.

Section 416.081, RSMo created the antitrust revolving fund which is made up of deposits of ten percent of any court settlement of antitrust litigation involving the Attorney General. This fund is supplemented by a transfer from general revenue.

Chapter 287, RSMo provides for the Attorney General to charge the second injury fund for the cost of defending the fund.

Section 56.750, RSMo establishes the Missouri Office of Prosecution Services within the Attorney General's office. The Prosecution Services office is funded through fees assessed as court costs in criminal cases. The office was established to develop uniform training and procedures for Missouri's prosecuting attorneys.

Fiscal Year 2002 Attorney General's Office

- \$712,900 merchandising practices revolving fund and 7.5 staff to implement SB 763 (2000).
- \$194,100 and three staff to implement SB 1053 (2000).
- \$177,475 and three staff to enforce the tobacco settlement and combat tobacco usage by minors.
- \$131,725 and three staff for the collections unit.
- \$65,675 and one staff to coordinate and assist victims of sexually violent predators.
- \$63,475 federal funds and one staff to assist prosecutors with DUI and highway safety related issues.
- \$77,190 for pay plan, including \$55,138 general revenue.
- (\$258,796) for one-time expenditures, including (\$31,650) general revenue.

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	FY 2002
Administration	\$ 15,839,447	\$ 19,762,103	\$ 20,887,527
Missouri Office of Prosecution Services	235,021	1,361,071	1,399,391
TOTAL	\$ 16,074,468	\$ 21,123,174	\$ 22,286,918
PERSONAL SERVICE			
General Revenue Fund	9,299,129	10,314,942	10,730,080
Federal Funds	493,690	1,133,166	1,180,616
Gaming Commission Fund	90,701	94,540	95,065
Motor Vehicle Commission Fund	0	33,182	33,392
Merchandising Practices Revolving Fund	207,332	345,519	592,539
Workers' Compensation Fund	213,892	227,785	229,150
Second Injury Fund	1,259,155	1,509,684	1,518,924
Missouri Office of Prosecution Services Fund	99,849	115,927	116,452
Hazardous Waste Remedial Fund	208,023	215,634	216,529
Other Funds	228,319	250,587	251,909
EXPENSE AND EQUIPMENT			
General Revenue Fund	2,581,463	2,561,238	2,738,563
Federal Funds	13,995	2,240,181	2,235,556
Gaming Commission Fund	14,346	30,747	30,747
Motor Vehicle Commission Fund	0	11,300	11,300
Health Spa Regulatory Fund	5,000	5,000	5,000
Attorney General's Court Costs Fund	187,000	187,000	187,000
Merchandising Practices Revolving Fund	220,778	430,526	732,480
Workers' Compensation Fund	43,884	225,121	225,121
Second Injury Fund	436,634	518,232	483,632
Missouri Office of Prosecution Services Fund	58,665	139,844	139,844
Missouri Office of Prosecution Services Revolving Fund	63,427	80,000	80,000
Hazardous Waste Remedial Fund	10,166	10,165	10,165
Other Funds	34,020	37,854	37,854
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	305,000	305,000	305,000
Federal Funds	0	100,000	100,000
TOTAL	\$ 16,074,468	\$ 21,123,174 *	\$ 22,286,918
General Revenue Fund	12,185,592	13,181,180	13,773,643
Federal Funds	507,685	3,473,347	3,416,172
Gaming Commission Fund	105,047	125,287	125,812
Motor Vehicle Commission Fund	0	44,482	44,692
Attorney General's Court Costs Fund	187,000	187,000	187,000
Health Spa Regulatory Fund	5,000	5,000	5,000
Merchandising Practices Revolving Fund	428,110	776,045	1,325,019
Workers' Compensation Fund	257,776	452,906	454,271
Second Injury Fund	1,695,789	2,027,916	2,002,556
Missouri Office of Prosecution Services Fund	158,514	255,771	256,296
Missouri Office of Prosecution Services Revolving Fund	63,427	80,000	80,000
Hazardous Waste Remedial Fund	218,189	225,799	226,694
Other Funds	262,339	288,441	289,763
Full-time equivalent employees	337.63	375.55	394.05

* Does not include \$728,857 recommended in the Fiscal Year 2001 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding Office of Attorney General supplemental appropriations.

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FY 2002 EXECUTIVE BUDGET

JUDICIARY

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	FY 2002 REQUEST	GOVERNOR RECOMMENDS FY 2002
Supreme Court	\$ 4,377,202	\$ 4,613,890	\$ 4,923,115	\$ 6,148,057
Office of State Courts Administrator	25,648,807	37,913,859	38,567,523	35,007,480
Courts of Appeal	9,701,788	10,193,090	11,723,920	10,154,136
Circuit Courts	102,341,873	111,488,503	127,627,318	111,909,905
Commission on Retirement, Removal and Discipline of Judges	178,243	232,237	240,585	232,605
Appellate Judicial Commission	13,267	10,550	11,960	11,960
Senior Judge Compensation	614,344	641,783	876,509	643,673
TOTAL	\$ 142,875,524	\$ 165,093,912	\$ 183,970,930	\$ 164,107,816
General Revenue Fund	130,888,089	147,922,727	166,966,334	146,206,481
Federal Funds	6,731,717	11,563,471	11,519,265	12,165,612
Third Party Liability Collection Fund	0	0	0	345,869
Child Support Collections Fund	333	0	0	0
Statewide Court Automation Fund	5,130,145	4,687,714	4,790,331	4,694,854
Supreme Court Publications Revolving Fund	76,306	80,000	80,000	80,000
Supreme Court Administrative Revolving Fund	4,580	90,000	90,000	90,000
Domestic Relations Resolution Fund	44,354	500,000	500,000	500,000
Central Violations Bureau Fund	0	250,000	0	0
Fine Collections Center				
Interest Revolving Fund	0	0	25,000	25,000
Full-time equivalent employees	3,293.19	3,467.10	3,796.55	3,410.60

POLICY SUMMARY

The Governor recommends \$164,107,816 to enable the Judiciary to fulfill its constitutional responsibilities.

AUTOMATING THE COURTS: Crowded dockets, increasing crime rates, complex civil litigation, ever increasing statutory reporting requirements, and rapidly growing domestic relations caseloads have made it imperative for the Missouri Judiciary to improve services by utilizing information technology. The Electronic Courts 2004 project authorized in SB 420 (1994) is now being implemented statewide. By the end of Fiscal Year 2001, court automation software will be installed in 48 courts in 21 circuits. The Governor's recommendation continues to implement the statewide court automation plan, including:

- \$1,292,448 for ongoing support of 11 circuits brought on line in Fiscal Year 2001.
- \$2,482,575 to extend automation services to ten more circuits. By the end of Fiscal Year 2002, 74 counties and the City of St. Louis in 31 circuits are scheduled to be on the case management system.

PERMANENCY PLANNING FOR CHILDREN: State laws that bring Missouri into compliance with the Adoption and Safe Families Act of 1997 have placed additional burdens on state courts. A lack of juvenile officers and other staff, coupled with increasing numbers of cases and the complexity of today's social issues, contribute to delays in the court process. Ultimately, court delays play a large part in the number of children who remain in out-of-home care for unnecessarily long periods of time. To speed the permanent placement of children, the Governor recommends:

- \$1,059,924 for court staff, training, and legal resources needed to expedite the permanency plans for abused and neglected children in seven high-need circuits.

These funds are complimented by additional support in the Department of Social Services for efforts to ensure that there are sufficient adoptive homes available, and for legal services for the Division of Family Services in permanency proceedings.

SUPREME COURT

The Supreme Court hears appeals in several categories of legal cases, handles original proceedings concerning extraordinary remedies, and exercises control over courts. The court discharges these duties by hearing oral arguments and interpreting and applying pertinent laws in order to decide cases on appeal. Lower courts are supervised through the promulgation and revision of rules. The court also licenses and disciplines attorneys of the state bar.

Fiscal Year 2002 Governor's Recommendations

- \$6,727 for increased dues for the National Center for State Courts.
- \$14,490 for pay plan.
- \$1,557,000 transferred from the Department of Corrections for operation of felony drug courts and treatment for substance abuse.
- (\$44,050) core reduction for one-time expenditures.

OFFICE OF STATE COURTS ADMINISTRATOR

The Office of State Courts Administrator fulfills the administrative obligations of the Supreme Court which are mandated under the judicial article and the statutes. Staff of the office perform technical assistance, statistical analysis, financial system analysis, and continuing education functions for the courts. The office assists in policy direction for the Statewide Judicial Information System (SWJIS), collects and analyzes caseload data from the courts, develops and operates appellate and circuit record-keeping systems, develops and operates administrative systems, prepares the judicial budget, and maintains the personnel system for the courts. A central transcribing service prepares typed transcripts from sound recordings when needed for appeals or other purposes as required by statute. The office processes payrolls for all state-paid circuit court employees and all other state expenditures of the Supreme Court and circuit courts.

Fiscal Year 2002 Governor's Recommendations

- \$3,775,023 to support the circuits that received case management automation in Fiscal Year 2001 and continue automating other circuits.
- \$81,180 and 1.75 staff to continue funding seven juvenile grant positions partially funded in Fiscal Year

2001.

- \$47,200 for pay plan, including \$35,386 general revenue.
- (\$6,335,734) core reduction for one-time expenditures, including (\$6,321,040) general revenue.
- (\$392,868) transferred to the statewide leasing budget, including (\$378,359) general revenue.
- (\$81,180) federal funds and (4.75) staff core reduction from the Fiscal Year 2001 appropriation level.

COURTS OF APPEAL

The Missouri Courts of Appeal are constitutionally and statutorily authorized courts charged with hearing and deciding original remedial writs and appeals from all the counties in the state. The courts consist of 11 appeals judges in the Western District, 14 appeals judges in the Eastern District, and 7 appeals judges in the Southern District.

Fiscal Year 2002 Governor's Recommendations

- \$3,599 for increased rent for the Southern District.
- \$27,647 for pay plan.
- (\$70,200) core reduction for one-time expenditures.

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	GOVERNOR RECOMMENDS FY 2002
Western District	\$ 3,290,311	\$ 3,452,698	\$ 3,432,591
Eastern District	4,302,628	4,519,317	4,491,600
Southern District	2,108,849	2,221,075	2,229,945
TOTAL	\$ 9,701,788	\$ 10,193,090	\$ 10,154,136
Personal Service	8,172,679	8,616,807	8,644,454
Expense and Equipment	1,529,109	1,576,283	1,509,682
TOTAL			
General Revenue Fund	\$ 9,701,788	\$ 10,193,090	\$ 10,154,136

Full-time equivalent employees	156.13	163.65	163.65
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CIRCUIT COURTS

Circuit courts are established by Article V, Section 15 of the Constitution of Missouri. The boundaries, circuit number, and inclusive counties of the 45 circuits are established by Chapter 478 RSMo. The circuit court is the exclusive trial court in Missouri. It is comprised of circuit judges, associate circuit judges, and municipal judges. Municipalities under 400,000 population may, and those over 400,000 must, make provision for judges to hear municipal ordinance violations. If such provision is not made, municipalities will file such cases before an associate circuit judge.

Fiscal Year 2002 Governor's Recommendations

- \$1,059,924 federal and other funds and 21 staff for permanency planning.
- \$979,680 for 16 staff, including 8 new judges.
- \$96,000 for a family court commissioner in St. Louis City.
- \$25,000 other funds for the fine collection center.

- \$10,087 to continue the circuit clerk salary adjustments in Taney and Newton Counties that were mandated by their move into a new classification.
- \$531,238 for pay plan, including \$523,783 general revenue.
- \$20,000 transferred from the Office of Administration for interpreter fees.
- (\$2,202,336) and (91.5) staff core reduction from the Fiscal Year 2001 appropriation level, including (\$1,952,336) general revenue.
- (\$84,531) transferred to the statewide leasing budget.
- (\$13,660) federal funds core reduction for one-time expenditures.

COMMISSION ON RETIREMENT, REMOVAL AND DISCIPLINE OF JUDGES

The Commission on Retirement, Removal, and Discipline of Judges, authorized in Article V, Section 27 of the Missouri Constitution, receives and investigates all requests and suggestions concerning retirement for disability and all complaints concerning misconduct of judges, members of the judicial commissions, and members of this commission. The commission is composed of two citizens who are not members of the bar and who are appointed by the Governor, two lawyers appointed by the governing body of the Missouri Bar, one judge of the Courts of Appeal selected by a majority of the judges of the Courts of Appeal, and one judge of the circuit courts selected by a majority of the circuit judges of this state.

Fiscal Year 2002 Governor's Recommendations

- \$368 for pay plan.

APPELLATE JUDICIAL COMMISSION

The Appellate Judicial Commission consists of a judge of the Supreme Court, one member of the bar from each appeals district, and one citizen not a member of the bar from each appeals district. The commission considers vacancies in the office of judge of the Supreme Court or the Courts of Appeal. The Circuit Judicial Commission consists of the chief judge of the Courts of Appeal over the district, two members of the bar residing in the judicial circuit, and two citizens not members of the bar residing in the circuit. This commission considers vacancies in the office of circuit judge or associate circuit judge in those districts subject to nonpartisan selection of judges.

Fiscal Year 2002 Governor's Recommendations

- \$1,410 for the cost of the election of an attorney member to the Appellate Judicial Commission.

SENIOR JUDGE COMPENSATION

Legislation enacted in 1988 encouraged the use of senior retired judges to help alleviate the problems associated with rapidly growing caseloads in the circuit and appellate courts by providing compensation for their services. Senior judges are being used to increase the disposition rates in high-volume courts, in courts where there are temporary vacancies due to retirement and illness, and in individual cases where conflict of interest or other needs arise.

Fiscal Year 2002 Governor's Recommendations

- \$1,890 for pay plan.

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FY 2002 EXECUTIVE BUDGET

OFFICE OF THE STATE PUBLIC DEFENDER

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	FY 2002 REQUEST	GOVERNOR RECOMMENDS FY 2002
Defender Services	\$ 25,189,041	\$ 27,653,663	\$ 32,322,814	\$ 27,749,072
Federal Grants	0	125,000	125,000	125,000
Legal Defense and Defender Fund	696,500	814,114	1,215,722	1,214,534
Homicide/Conflict of Interest Cases	1,850,634	2,059,850	2,059,850	2,059,850
DEPARTMENT TOTAL	\$ 27,736,175	\$ 30,652,627	\$ 35,723,386	\$ 31,148,456
PERSONAL SERVICE				
General Revenue Fund	19,555,319	21,907,692	23,274,621	22,024,481
Legal Defense and Defender Fund	43,149	56,758	58,366	57,178
EXPENSE AND EQUIPMENT				
General Revenue Fund	7,484,356	7,805,821	11,108,043	7,784,441
Legal Defense and Defender Fund	634,136	757,356	1,157,356	1,157,356
PROGRAM SPECIFIC DISTRIBUTION				
Federal Funds	0	125,000	125,000	125,000
Debt Offset Escrow Fund	19,215	0	0	0
TOTAL	\$ 27,736,175	\$ 30,652,627 *	\$ 35,723,386	\$ 31,148,456
General Revenue Fund	27,039,675	29,713,513	34,382,664	29,808,922
Federal Funds	0	125,000	125,000	125,000
Legal Defense and Defender Fund	677,285	814,114	1,215,722	1,214,534
Debt Offset Escrow Fund	19,215	0	0	0
Full-time equivalent employees	511.49	558.13	564.63	558.13

* Does not include \$400,000 legal defense and defender fund recommended in the Fiscal Year 2001 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding Public Defender supplemental appropriations.

POLICY SUMMARY

The Sixth Amendment of the U.S. Constitution assures that no person accused of a crime and unable to pay for legal assistance shall face trial without counsel. Established in 1982 through Chapter 600 RSMo, the Office of the State Public Defender exists as a "system for providing defense services to every jurisdiction within the state by means of a centrally administered organization having a full-time staff." The State Public Defender System fulfills the constitutional guarantee of legal counsel to persons accused of criminal offenses in Missouri's 45 judicial circuits (embracing 114 counties and the City of St. Louis).

Functioning as an independent department of the Missouri judicial branch, the Office of the State Public Defender is charged with providing legal defense for indigents accused of criminal offenses. Caseload has grown from 26,667 cases in Fiscal Year 1981 to 81,712 projected cases in Fiscal Year 2002, an increase of 206 percent. Homicide cases, which place extraordinary demands on public defenders, have increased substantially, and scientific advances such as DNA

testing have required the increased use of expert witnesses and independent lab tests. In addition, Missouri's expanding initiative to civilly commit sexually violent predators is requiring increasing and ongoing litigation.


A properly funded public defender system is essential to the swift and certain punishment of crime. The Governor's recommendations provide ongoing funding of \$31,148,456 enabling the Office of the State Public Defender to continue to provide the constitutional guarantee of legal counsel.

Fiscal Year 2002 Governor's Recommendations

- \$400,000 legal defense and defender fund for training, equipment, and recruiting employees.
- \$117,209 for pay plan, including \$116,789 general revenue.
- (\$21,380) core reduction for one-time expenditures.

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FY 2002 EXECUTIVE BUDGET

GENERAL ASSEMBLY

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	FY 2002 REQUEST
Expenses of the Senate	\$ 10,087,641	\$ 12,452,104	\$ 12,343,535
Expenses of the House of Representatives	17,620,724	21,290,810	21,406,636
Missouri Commission on Interstate Cooperation	267,502	281,238	284,403
Committee on Legislative Research	2,317,829	4,336,932	3,348,536
Interim Committees of the General Assembly	0	10,000	10,000
TOTAL	\$ 30,293,696	\$ 38,371,084	\$ 37,393,110
General Revenue Fund	30,023,991	37,520,494	36,772,310
House of Representatives Revolving Fund	44,946	75,000	45,000
Senate Revolving Fund	0	40,000	40,000
Statutory Revision Fund	224,759	735,590	535,800
Full-time equivalent employees	766.75	776.25	782.25

EXPENSES OF THE SENATE

Article III of the Missouri Constitution provides for the legislative branch of Missouri state government, consisting of the House of Representatives and Senate. The Senate is composed of 34 members elected for four-year terms.

The budget of the Senate includes funding for members' statutory salaries, travel reimbursement of 29.5 cents per mile, a per diem that is 80 percent of the federal per diem, now \$68.00, staff support, and interim committee expenses. The Senate appropriation also includes funds for the several joint committees.

Fiscal Year 2002 Request

- \$46,831 for pay plan.
- (\$155,400) core reduction for one-time expenditures.

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	FY 2002 REQUEST
Salaries of Members	\$ 1,036,528	\$ 1,067,878	\$ 1,067,878
Mileage of Members	48,190	56,435	56,435
Per Diem of Members	165,906	226,100	226,100
Senate Contingent Expenses	8,423,470	10,076,433	10,050,954
Joint Contingent Expenses	104,865	522,670	437,690
Joint Committee on Administrative Rules	83,936	119,287	119,707
Joint Committee on Retirement Systems	113,169	213,147	213,987
Joint Committee on Capital Improvements	108,168	118,544	118,964
Joint Committee on Gaming and Wagering and Joint Committee on Correctional Institutions and Problems	3,409	51,610	51,820
TOTAL	\$ 10,087,641	\$ 12,452,104	\$ 12,343,535
General Revenue Fund	10,087,641	12,412,104	12,303,535
Senate Revolving Fund	0	40,000	40,000
Full-time equivalent employees	254.00	257.00	257.00

EXPENSES OF THE HOUSE OF REPRESENTATIVES

Article III of the Missouri Constitution provides for the legislative branch of Missouri state government, consisting of the House of Representatives and the Senate. The House is composed of 163 members who are elected for two-year terms.

The budget of the House of Representatives includes funding for the members' statutory salaries, a per diem that is 80 percent of the federal per diem, now \$68.00, travel reimbursement of 29.5 cents per mile, and staff support.

Fiscal Year 2002 Request

- \$216,744 and six staff.
- \$120,000 for professional development.
- \$80,000 for member/staff training.
- \$62,582 for pay plan.
- (\$363,500) core reduction for one-time expenditures, including (\$333,500) general revenue.

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	FY 2002 REQUEST
Salaries of Members	\$ 4,948,766	\$ 5,100,168	\$ 5,100,168
Mileage of Members	236,039	342,660	342,660
Per Diem of Members	779,818	1,083,950	1,083,950
House Contingent Expenses			
Representatives' Expense Vouchers	1,528,752	1,956,000	1,956,000
Leadership Aides and Secretaries	4,523,929	5,366,622	5,512,308
Research Staff	880,648	960,094	964,189
Committee Operations	252,458	260,298	460,298
House Staff	4,070,842	5,692,341	5,486,706
House Revolving Fund	44,946	75,000	45,000
House Appropriations Staff	354,526	453,677	455,357
TOTAL	\$ 17,620,724	\$ 21,290,810	\$ 21,406,636
General Revenue Fund	17,575,778	21,215,810	21,361,636
House of Representatives Revolving Fund	44,946	75,000	45,000
Full-time equivalent employees	455.00	461.00	467.00

INTERSTATE ORGANIZATIONS

Missouri's dues to the Council of State Governments, the National Conference of State Legislatures, and the National Conference of Commissioners on Uniform State Laws are paid from these funds.

Fiscal Year 2002 Request

- \$12,609 for increased dues.
- (\$9,444) core reduction from the Fiscal Year 2001 appropriation level.

COMMITTEE ON LEGISLATIVE RESEARCH

Administration

In accordance with Sections 23.010 through 23.190, RSMo, a permanent joint committee of the General Assembly is established, comprised of the chair of the Senate Appropriations Committee and nine other Senators, and the chair of the House Budget Committee and nine other Representatives. The Committee on Legislative Research has staff support to perform the following services for the members of the General Assembly:

1. Provide a research and reference service on legislative issues.
2. Make investigations into legislative and governmental institutions to aid the General Assembly.
3. Assist any interim legislative committee or commission created by the General Assembly.
4. Draft or aid in drafting bills, resolutions, memorials, and amendments.
5. Prepare fiscal notes for legislation introduced in either house of the General Assembly.
6. Conduct management audits and performance audits of state agencies.
7. Maintain a legislative library for a reference service to the General Assembly and public.

Fiscal Year 2002 Request

- \$200,000 and three staff.
- \$10,973 for pay plan.

Publishing Revised Statutes

Article III, Section 34 of the Missouri Constitution requires a complete reprinting of the Revised Statutes of Missouri at least every ten years. Funds are provided during interim years to publish cumulative supplements to the revised statutes.

Fiscal Year 2002 Request

- \$631 for pay plan, including \$421 general revenue.
- (\$1,000,000) core reduction for one-time expenditures.
- (\$200,000) statutory revision fund core reduction and (three) staff from the Fiscal Year 2001 appropriation level.

INTERIM COMMITTEES


These are statutory committees composed of members of the House and Senate and, in some cases, gubernatorial appointees.

Fiscal Year 2002 Request

Continue funding at the current level.

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FY 2002 EXECUTIVE BUDGET

DEPARTMENT OF AGRICULTURE

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	FY 2002 REQUEST	GOVERNOR RECOMMENDS FY 2002
Office of the Director	\$ 3,681,332	\$ 3,557,984	\$ 10,608,871	\$ 7,431,269
Division of Market Development	2,853,076	4,109,857	7,063,864	4,020,473
Division of Animal Health	3,386,674	4,156,884	5,987,366	4,088,618
Division of Grain Inspection and Warehousing	2,348,916	3,315,189	3,378,518	3,328,526
Division of Plant Industries	2,471,997	4,210,499	4,327,721	3,771,058
Division of Weights and Measures	2,850,879	3,121,904	3,638,088	3,041,616
Missouri State Fair	4,014,751	4,747,647	5,115,063	5,105,616
State Milk Board	1,745,542	2,063,633	2,303,158	2,016,515
DEPARTMENTAL TOTAL	\$ 23,353,167	\$ 29,283,597 *	\$ 42,422,649	\$ 32,803,691



* Does not include \$63,000 federal funds recommended in Fiscal Year 2001 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding Department of Agriculture supplemental appropriations.

POLICY SUMMARY

The Department of Agriculture's mission is to serve, promote, and protect the agricultural producers, processors, and consumers of Missouri's food, fuel, and fiber products. Missouri's agri-business industry adds over \$17.5 billion annually to the state's economy. Due to low prices for both commodity grains and livestock, farm income declined almost 70 percent in 1998. While there were some slight improvements in prices in 1999, severe drought reduced yields throughout the state. Despite scattered adverse weather conditions in 2000, Missouri had a record per acre yield in corn crops, which coincided with the opening of Missouri's first ethanol plant. Feeder cattle showed higher returns and produced excellent prices and dozens of value-added program products are under development.

Some measures that show the extent of the farm crisis follow:

	FY 1997	FY 1998	FY 1999
Dollars of cash receipts per farm acre	\$179	\$158	\$141
Cash receipts from the sale of Missouri agricultural products (billions)	\$5.397	\$4.754	\$4.256
Missouri livestock cash receipts (billions)	\$2.772	\$2.469	\$2.477
New investment in Missouri farms (\$/acre)	\$65	\$50	\$57
Value of Missouri agricultural exports (billions)	\$1.828	\$1.920	\$1.978

In 1999, landmark agricultural legislation was passed to address the farm crisis. As demonstrated above, some improvement can be observed with a slight increase in Missouri livestock cash receipts and an increase in dollars per

acre of new investments in Missouri farms. Exports, including the export of value-added products, were also increasing. However, as the crisis continues, it is apparent that more needs to be done to ensure the survival of the family farm in Missouri. The best path to keeping agriculture strong in Missouri lies in adding value to traditional farm products.

HELPING FARMERS BECOME SMALL BUSINESS ENTERPRISES: The viability of Missouri's smaller farmers and rural communities are at risk if farmers do not have access to capital to seek new ventures which add value to agricultural products they produce. The Missouri Ethanol Producer Incentive Fund was authorized by Section 142.028, RSMo. Three hundred and eleven farmers in Macon, Missouri, formed a cooperative to use their corn products for the production of ethanol. The Macon plant processes approximately 17,000 bushels, or one million pounds, of corn a day to produce 16 million gallons of ethanol per year. A second plant, located in Holt County, is expected to begin production in February 2001. Together, the two plants will process 730 million pounds of corn each year to produce 32 million gallons of ethanol.

To help farmers add value to their commodities, the Governor recommends:

- \$4,342,546 for continued funding of the Macon County ethanol plant and the Holt County ethanol plant.
- \$270,000 to develop quality standards and trademarks for certified organic and certified family farm produced products as required by SB 894 (2000).
- \$100,000 to assist agricultural producers in creating and selling processed or retail-ready products.

PROTECTING THE PUBLIC: The animal agricultural industry accounts for more than \$2.8 billion of the annual cash receipts of Missouri's agricultural producers. Infectious and contagious diseases cause \$3.3 billion in annual losses to the state's livestock producers. Some diseases can be transmitted directly to humans. The public is increasingly concerned with food safety. Focusing on reducing this loss and providing safer products, the Division of Animal Health will provide meat producers with additional meat inspections.

Some measures the department uses to monitor public health follow:



To build public confidence within the meat industry throughout the state, the Governor recommends:

- \$385,286 for staff to expand Missouri's State Meat Inspection Program to give small livestock and poultry producers access to markets that require inspection. This program adds value while assuring safe meat products for consumers.

OFFICE OF THE DIRECTOR

The Office of the Director makes policy decisions on agricultural issues, sets the department's goals and priorities, and coordinates activities of the various divisions to achieve those goals. The Office of the Director includes administrative functions such as the fiscal office, support services, personnel, public affairs, data processing, and statistical services. The Office of the Director also includes the Executive Secretary of the Agriculture and Small Business Development Authority. The seven-member authority is empowered under Chapter 348, RSMo to issue bonds to make loans to beginning farmers and small businessmen at below-market interest rates. The authority also administers the single-purpose Animal Facilities Loan Guarantee Program.

Fiscal Year 2002 Governor's Recommendations

- \$4,342,546 for production incentives for ethanol plants in Macon and Craig Counties, including \$1,892,546 general revenue.
- \$361,940 other funds for replacement vehicles.
- \$100,000 federal funds to enable the Agricultural Innovation Center to maximize their use of federal and other

funds.

- \$9,660 for pay plan, including \$8,938 general revenue.
- \$518,587) core reduction from the Fiscal Year 2001 appropriation level, including (\$217,687) general revenue.
- (\$417,785) core reduction for one-time expenditures, including (\$345,245) general revenue.
- (\$4,489) transferred to the Office of Administration.

DIVISION OF MARKET DEVELOPMENT

The Division of Market Development operates the Domestic and International Marketing Program, the AgriMissouri Marketing Program, the Wine and Grape Program, and the Agriculture Development Program. The Domestic and International Marketing Program helps commodity groups promote Missouri agricultural products within the U.S. and throughout the world. Domestically, the program also operates a market price information network to help producers make better informed marketing decisions. Internationally, the program promotes Missouri agricultural products through economic development offices in Dusseldorf, Seoul, and Tokyo, and agricultural trade offices in Taiwan and Mexico. The AgriMissouri Marketing Program identifies and promotes Missouri-grown food and beverages. Examples include the use of an AgriMissouri logo on food products, the publication of an AgriMissouri Food Buyers Guide, and media advertising. The Wine and Grape Program promotes grapes, juice, and wine produced in Missouri using marketing development funds paid by Missouri grape and wine producers under Section 311.554, RSMo. The Agriculture Development Program administers a wide range of programs including student loans and scholarships, guarantees and interest rebates on FFA and 4-H loans, grants to FFA chapters and 4-H clubs, financial counseling and management assistance through MO FARMS, and low-interest horticulture loans.

Fiscal Year 2002 Governor's Recommendations

- \$270,000 to promote Missouri products per SB 894 (2000).
- \$42,000 other funds for conference expenses.
- \$15,000 other funds and .3 staff to continue operations at the current level.
- \$8,261 for pay plan, including \$6,728 general revenue.
- \$41,556 and one staff transferred from the Division of Animal Health.
- (\$244,850) core reduction for one-time expenditures.
- (\$217,730) and (1.7) staff in core reduction from the Fiscal Year 2001 appropriation level.
- (\$3,621) transferred to the Office of Administration.

DIVISION OF ANIMAL HEALTH

The Division of Animal Health implements regulations and programs to protect Missouri's livestock, poultry, and other domestic animals from dangerous, infectious, or contagious diseases. This includes enforcement of regulations as required under Section 267.230, RSMo, which gives the Director of the Department of Agriculture the authority to designate certain employees to intercept, stop, or detain for official inspection any vehicle carrying livestock in the state. Through control and elimination of diseases and diseased animals, the division enables Missouri's livestock and poultry to remain eligible for interstate and international export marketing. Diagnostic laboratories are maintained in Jefferson City, Cameron, and Springfield, and additional professional services are contracted for with the University of Missouri-Columbia College of Veterinary Medicine.

Fiscal Year 2002 Governor's Recommendations

- \$385,286 other funds and four staff to enhance the State Meat Inspection Program.
- \$17,430 for pay plan, including \$13,980 general revenue.
- (\$261,410) and (two) staff in core reduction from the Fiscal year 2001 appropriation level.
- (\$164,395) core reduction for one-time expenditures.

- (\$41,556) and (one) staff transferred to the Division of Market Development.
- (\$3,621) and (.5) staff transferred to the Office of Administration.

DIVISION OF GRAIN INSPECTION AND WAREHOUSING

The Division of Grain Inspection and Warehousing performs two functions to assist Missouri grain farmers and agribusinesses. The Grain Regulatory Services Program enforces the provisions of the Grain Warehouse Law, Chapter 411, RSMo, and the Grain Dealers Law, Sections 276.401-276.581, RSMo, to ensure grain producers that licensed grain warehouses and grain dealers are reputable businesses in sound financial condition.

The Grain Inspection Services Program provides official inspection and weighing of grain upon request to assist both grain farmers and grain businesses in the marketing of Missouri's corn, soybean, wheat, and other grain crops. The program covers all costs of operation by charging fees for services performed which are deposited in the grain inspection fee fund. The division also administers the Commodity Council Merchandising and Apple Merchandising programs.

Fiscal Year 2002 Governor's Recommendations

- \$20,000 other funds and .5 staff to continue operations at the current level.
- \$16,958 for pay plan, including \$4,358 general revenue.
- (\$20,000) and (1.5) staff in core reduction from the Fiscal Year 2001 appropriation level.
- (\$3,621) transferred to the Office of Administration.

DIVISION OF PLANT INDUSTRIES

The Division of Plant Industries operates five programs serving Missouri agriculture. The Feed and Seed Program performs sampling and laboratory analyses of crop seeds and commercial feeds to ensure that they meet requirements for accurate labeling. The Pesticide Control Program promotes the safe use of pesticides by licensing private and commercial applicators, conducting field inspections, and ensuring the proper registration of pesticides. The Plant Pest Control Program conducts inspections of nurseries, greenhouses, and other plant products to prevent the introduction and dissemination of insect, disease, and noxious weed pests which could be detrimental to plants and crops. The Forest Resources and Weed Control Program inspects treated wood products to ensure that minimum preservation standards are met and assists county weed control boards in the control and eradication of Johnson grass, a noxious weed. The Fresh Fruit and Vegetable Inspection Program performs shipping point and terminal market inspections of fresh produce to facilitate the sale of Missouri grown produce and ensure the quality of produce sold to consumers.

Fiscal Year 2002 Governor's Recommendations

- \$12,942 for pay plan, including \$11,367 general revenue.
- (\$351,570) other funds core reduction for one-time expenditures.
- (\$97,192) and (.5) staff in core reduction from the Fiscal Year 2001 appropriation level.
- (\$3,621) transferred to the Office of Administration.

DIVISION OF WEIGHTS AND MEASURES

The Division of Weights and Measures operates four programs and two laboratories to fulfill its goal of protecting consumers. The administration program processes all licenses, registrations, and fees collected. The Scale, Milk, and Egg Program inspects livestock market, grain elevator, highway vehicle, and small retail scales to ensure their accuracy.

In addition, milk sales practices are monitored and shell eggs are inspected. Staff in the Petroleum/Propane/Anhydrous Ammonia Program protect consumers against inaccurate gasoline pumps and unsafe practices by the retailer; inspect public institutions, industry, mobile homes, and LPG-converted vehicles to save lives and property from gas explosions; approve propane gas dispenser meters to prevent overcharges on fuel bills; and oversee anhydrous ammonia fertilizer installations. The Moisture Meter Program protects Missouri farmers against unjustified discounts on grain sales due to inaccurate moisture content values.

The division's metrology laboratory certifies scale repair technicians; maintains all mass, volume, and length standards used by industry; and certifies all weight and measure devices used by the program inspectors. The petroleum laboratory performs chemical analyses of gasoline, diesel fuel, heating oil, and other fuels to ensure that quality specifications are met.

Fiscal Year 2002 Governor's Recommendations

- \$104,664 other funds and one staff and related expenses for gas pump field inspections.
- \$16,590 for pay plan, including \$8,484 general revenue.
- (\$122,239) other funds and (three) staff in core reduction for one-time expenditures.
- (\$75,682) core reduction from the Fiscal Year 2001 appropriation level.
- (\$3,621) transferred to the Office of Administration.

MISSOURI STATE FAIR

The Missouri State Fair is held annually in August on the state fairgrounds in Sedalia. The fair provides a showcase for livestock, agricultural products, commercial exhibits, and other displays. In addition, the fair offers a variety of entertainment and educational events. The fairgrounds also are available during the rest of the year for various types of exhibits, sales, meetings, and entertainment.

The Aid-To-Fairs Premiums Program provides 50 percent reimbursement of "youth class" premiums to more than 100 participating fairs.

Fiscal Year 2002 Governor's Recommendations

- \$250,000 other funds for carcass evaluations.
- \$150,000 other funds for market development in urban areas.
- \$70,000 other funds to commemorate the State Fair's 100th anniversary.
- \$25,000 other funds to reimburse sheep exhibitors for fees collected.
- \$12,969 for pay plan, including \$4,253 general revenue.
- (\$150,000) core reduction from the Fiscal Year 2001 appropriation level.



STATE MILK BOARD

The State Milk Board oversees two programs to ensure that milk and milk products are safe for consumption. The State Milk Board contracts with one city and one county to provide sanitary inspections of Grade A milk. An inspection fee of five cents per one hundred pounds of Grade A milk is assessed and deposited in the milk inspection fee fund to cover all costs of the Grade A Program. Approximately one-half of all Grade A milk is consumed as fluid milk with the remainder used for manufacturing purposes.

The State Milk Board also is responsible for the Manufacturing Grade Milk Sanitation Program which enforces

sanitation and quality standards for milk used only for manufacturing dairy products (such as cheese, butter, and ice cream). This program is funded from general revenue because inspection fees have not been assessed on manufacturing milk producers.

Fiscal Year 2002 Governor's Recommendations

- \$1,680 for pay plan, including \$840 general revenue.
- (\$30,953) core reduction from Fiscal Year 2001 appropriation level.
- (\$17,845) other funds core reduction for one-time expenditures.

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FY 2002 EXECUTIVE BUDGET

DEPARTMENT OF CONSERVATION

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	FY 2002 REQUEST	GOVERNOR RECOMMENDS FY 2002
Personal Service	\$ 59,844,393	\$ 67,358,887	\$ 71,576,437	\$ 69,627,469
Expense and Equipment	45,400,100	52,806,613	53,860,411	53,860,411
Program Specific Distribution	<u>2,646,986</u>	<u>1,583,465</u>	<u>1,583,465</u>	<u>1,583,465</u>
TOTAL				
Conservation Commission Fund	\$ 107,891,479	\$ 121,748,965	\$ 127,020,313	\$ 125,071,345
Full-time equivalent employees	1,627.95	1,835.61	1,835.61	1,871.61

POLICY SUMMARY

Overseen by the four-member Conservation Commission, the Department of Conservation works to manage, restore, conserve, and regulate the bird, fish, game, forests, and all other wild resources in the state. Along with the goal of creating healthy, sustainable plant and animal communities well into the future, the department also works to provide opportunities for all citizens to use, enjoy, and learn about Missouri plant and animal communities. As part of a long-range, strategic planning process, the department has met with citizens statewide to design an operations plan. Key areas of the plan address: public land and water, private land and water, information and public awareness, education and interpretation, research and monitoring, and regulation and enforcement.

The department carries out its duties through 12 major units: Fisheries, Wildlife, Forestry, Protection, Design and Development, Outreach, Administrative Services, Natural History, Human Resources, General Counsel, Internal Auditor, and Private Lands Services. The Conservation Department protects, preserves, and sustains forests and wildlife on the lands it owns and manages; however, the majority of Missouri land is in private hands (about 93 percent or 41.5 million acres). The Private Lands Services Program reaches out to more private landowners and works with them on a voluntary basis to improve conservation practices on their farms, forests, and land holdings. At the heart of this approach is a cadre of private land conservationists living in local communities to deliver, upon request, conservation information, programs, and assistance to private landowners, large and small. Department employees help private landowners maintain or improve the value they get from their land, while they optimize their property's fish, wildlife, and forestry habitats. The Governor recommends \$125.1 million to support the department's efforts.

Following are some performance measures the Department of Conservation uses to evaluate its goal of protecting Missouri's fish, forest, and wildlife:

	FY 1998	FY 1999	FY 2000
Number of acres of Conservation land available (fee title)	761,864	764,644	768,397
Number of acres designated as Missouri natural areas	43,610	52,605	55,100
Number of hunting and fishing permit holders	1,481,386	1,426,485	1,414,485
Number of visitors to nature centers/interpretive sites	938,000	852,000	845,000
Number of Stream Team members	23,045	26,455	31,180
Percentage of stream miles useable for drinking, swimming, fishing, and watering livestock	52.7%	N/A	51.5%
Percentage of lake acres useable for drinking, swimming, fishing, and watering livestock	85.4%	N/A	94.0%

Fiscal Year 2002 Governor's Recommendations

- \$1,943,880 and 36 staff for operating and maintenance costs for the Cape Girardeau Nature Center, Kansas City Discovery Center, Parma Woods Training Center, and Joplin Public Contract Office.
- \$593,022 for employee health insurance.
- \$400,000 for petroleum price increases.
- \$385,478 for pay plan.

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FY 2002 EXECUTIVE BUDGET

DEPARTMENT OF CORRECTIONS

FINANCIAL SUMMARY



* Does not include \$10,194,538 recommended in the Fiscal Year 2001 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding the Department of Corrections' supplemental appropriation.

POLICY SUMMARY

The Governor recommends \$530,700,268 to meet the Department of Corrections' obligations in the criminal justice system and provide appropriate incarceration, supervision, and treatment for offenders.

PROTECTING MISSOURIANS BY PREPARING FOR TOMORROW

Missouri's anti-crime efforts have reduced crime statewide. Since Fiscal Year 1997 the rate of crime against persons has declined 12 percent, from 569 per 100,000 persons to 501 per 100,000 persons in 1999. The number of murders statewide has declined from 424 in Fiscal Year 1997 to 357 in Fiscal Year 1999. Governor Holden recognizes that to continue this trend Missouri must vigorously continue its efforts to protect our citizens against criminals.

Governor Holden's Fiscal Year 2002 budget demonstrates that Missouri begins to protect its citizens today by preparing for the corrections challenges of tomorrow.

INCREASING CAPACITY AND EFFICIENCY IN MISSOURI'S CORRECTIONAL INSTITUTIONS

Missouri statutes contain some of the toughest anti-crime provisions in the country. As a result, Missouri law now requires dangerous, violent criminals to serve longer sentences than ever before. These "get tough" provisions have resulted in a rapidly expanding prison population. During the last five calendar years, Missouri's inmate population has grown by 8,633 inmates or 4.73 inmates per day, an increase of 228 percent over the historic rate of 1.44 inmates per day. During calendar year 2000, the population grew at a rate of 3.02 inmates per day, an increase of 109 percent over the historic rate. In order to uphold the fundamental obligation to protect Missourians from criminals, Governor Holden's Fiscal Year 2002 budget proposes a total increase of \$29,987,389 to meet the costs of the projected average daily inmate population of 27,516.

Tough laws have little effect without space to incarcerate offenders. To ensure that law abiding Missourians are separated from dangerous criminals, Governor Holden recommends providing \$6.1 million dollars to open the South East Correctional Center in Charleston, Missouri in Fiscal Year 2002. This maximum security institution will provide 1,592 male beds and will ensure that Missouri prison capacity needs will be met.

To address long term prison capacity issues, Governor Holden's Fiscal Year 2002 budget recommends \$.7 million

dollars to begin the preparations to open Missouri's next new correctional institution, the Eastern Reception and Diagnostic Center in Bonne Terre, Missouri. Currently scheduled for full opening in Fiscal Year 2003, the Eastern Reception and Diagnostic Center will act as a 820 bed intake unit serving as the point of admission for offenders committed in the eastern regions of the state. The remaining 1,768 beds will serve as housing for high custody male inmates.

Both the Eastern Reception and Diagnostic Center and the South East Correctional Center will be state-of-the-art correctional facilities that will serve Missourians not only by housing inmates but doing so through the most efficient means possible. Designed to function with maximum efficiency through both structural design and use of technology, these institutions will house inmates with greater cost effectiveness than many older correctional centers. Finally, Governor Holden recommends the continued funding of interim housing for inmates at Algoa Correctional Center and Missouri Western Correctional Center.

Some performance measures the Department of Corrections uses to evaluate its management of Missouri's inmate population follow:

	FY 1998	FY 1999	FY2000
Percentage of confined population to design capacity	146%	138%	123%
Average daily prison population	24,162	25,070	27,203
Difference per day in inmate medical costs compared to national average	(\$2.41)	(\$1.93)	N/A

HOLDING OFFENDERS ACCOUNTABLE

The mere warehousing of offenders fails to protect Missourians if those offenders eventually return to society. Therefore, Governor Holden believes that inmates must face the gravity of their offenses and prepare for a lawful existence beyond prison. Through innovative programming, the Department of Corrections will continue to structure institutional life to reduce recidivism. Some of these efforts include:

- Parallel Universe - Inmate daily life is structured so as to reflect the responsibilities, decisions, and consequences of the outside world. Offenders are assigned to work, education, and treatment with real life expectations of civil, productive behavior.
- Restorative Justice - Offenders confront the impact of their actions through education and personal interaction with crime victims. Inmates also work to make reparations for their general societal damage. These reparations include such activities as growing food for local food pantries, building toys for needy children, making quilts for AIDS infected babies, and engaging in work within the institutions for Habitat for Humanity.
- Drug Testing - Like in the outside world, inmates are expected to stay clean and sober. To ensure this, random, mandatory drug tests will continue to be a regular part of institutional life.
- GED Certification - All offenders are now required to be GED certified to be eligible for parole.

Some performance measures the Department of Corrections uses to evaluate its efforts at holding offenders accountable to behaving within societal norms follow:

	FY 1998	FY 1999	FY 2000
Percentage of offenders with a high school diploma or GED	48.9%	54.7%	57.2%
Percentage of offenders served by substance abuse programs	28.9%	33.0%	42.0%
Percentage of offenders testing positive for substance abuse	3.0%	2.4%	2.2%
Percentage of probationers/parolees testing positive for substance abuse	25.0%	21.8%	22.9%
Restitution collected from offenders	\$8,807,193	\$8,359,919	\$8,913,142

OFFICE OF THE DIRECTOR

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 A P P R O P R I A T I O N	FY 2002 REQUEST	GOVERNOR RECOMMENDS FY 2002
Office of the Director (Staff)	\$ 2,668,151	\$ 2,931,826	\$ 4,095,383	\$ 3,444,618
Mental Health Assessments	0	150,000	0	0
General Services	2,315,426	2,810,935	2,863,673	2,804,723
Federal Programs	2,907,728	5,000,000	5,179,125	5,179,125
Information Systems	3,342,678	6,884,462	12,106,199	6,974,170
Inmate Revolving Fund Programs	527,730	840,878	851,214	845,288
Fuel and Utilities	12,298,003	13,666,753	20,113,213	20,113,213
Fuel and Utilities/Board of Public Buildings	2,149,110	2,096,250	2,568,750	2,568,750
Telecommunications	2,279,481	2,964,218	9,212,960	3,375,146
Food Purchases	20,310,153	22,150,000	24,355,997	24,040,594
Wage and Discharge Costs	3,230,100	3,246,750	3,687,642	3,639,888
Institutional Security Pool	87,794,383	9,486,698	0	0
Institutional Expense and Equipment Pool	15,502,877	15,365,603	19,232,707	17,418,120
Major Equipment Purchases	0	0	1,497,600	0
Maintenance and Repair	1,140,799	1,218,750	1,672,704	0
Public School Retirement	0	1,792	1,792	1,792
Population Growth Pool	17,175,107	0	0	32,400,000
Interim Housing Costs	0	2,242,022	1,718,762	0
Prison Startup Costs	0	2,500,000	0	0
OFFICE OF THE DIRECTOR TOTAL	\$ 173,641,726	\$ 93,556,937	\$ 109,157,721	\$ 122,805,427
PERSONAL SERVICE				
General Revenue Fund	100,980,079	18,865,313	11,801,041	7,705,002
Federal Funds	1,220,047	1,757,655	1,820,707	1,820,707
Working Capital Revolving Fund	482,952	70,695	71,679	71,325
Inmate Revolving Fund	673,850	714,781	725,117	719,191
EXPENSE AND EQUIPMENT				
General Revenue Fund	67,845,397	64,642,149	89,465,762	107,215,787
Federal Funds	2,121,640	4,192,345	3,808,418	3,808,418
Working Capital Revolving Fund	315,781	3,187,902	1,256,400	1,256,400
Inmate Revolving Fund	1,980	126,097	126,097	126,097
Crime Victims' Compensation Fund	0	0	82,500	82,500
TOTAL	\$ 173,641,726	\$ 93,556,937	\$ 109,157,721	\$ 122,805,427
General Revenue Fund	168,825,476	83,507,462	101,266,803	114,920,789
Federal Funds	3,341,687	5,950,000	5,629,125	5,629,125
Working Capital Revolving Fund	798,733	3,258,597	1,328,079	1,327,725
Inmate Revolving Fund	675,830	840,878	851,214	845,288
Crime Victims' Compensation Fund	0	0	82,500	82,500
Full-time equivalent employees	4,460.93	703.37	428.37	256.37

The director of the Department of Corrections provides guidance, coordination, and control of the four departmental divisions: Human Services, Adult Institutions, Offender Rehabilitative Services, and the Board of Probation and Parole. The Office of the Director consists of the Director's Office; the Deputy Director's Office; Public Information; Office of Constituent Services; Planning, Research, and Evaluation; Internal Affairs; Fiscal Management; Information Systems; and General Services. Department-wide appropriations centralized at this level include inmate fund programs, telecommunications, fuel and utilities, food, inmate wage and discharge fund, security staff, the institutional expense and equipment pool, and federal programs.

Fiscal Year 2002 Governor's Recommendations

- \$32,400,000 for the Inmate Growth Pool.
- \$8,132,762 for increased fuel and utilities.
- \$2,287,919 for increased institutional expense and equipment.
- \$1,890,594 for increased food costs.
- \$472,500 for increased fuel and utilities.
- \$393,138 for increased wage and discharge costs.
- \$311,928 for telecommunication costs.
- \$179,125 federal funds to enable the Department of Corrections to maximize their use of non-state funds.
- \$53,838 for pay plan, including \$48,798 general revenue.
- \$920,545 transferred from the South Central Correctional Center.
- \$209,227 and seven staff transferred from the Division of Human Services for the Office of the Director Staff.
- \$133,600 and two staff transferred from the Division of Probation and Parole for the Office of the Director Staff.
- \$82,500 other funds transferred from the Division of Human Services.
- \$67,628 and one staff transferred from the Division of Adult Institutions.
- \$48,483 transferred from the Division of Probation and Parole.
- (\$9,212,083) and (369) staff transferred to the Division of Adult Institutions from the Institutional Security Pool.
- (\$4,742,022) core reduction for one-time expenditures, including (\$4,242,022) general revenue.
- (\$3,918,532) and (75) staff in core reduction from the Fiscal Year 2001 appropriation level, including (\$1,987,030) general revenue.
- (\$274,615) and (11) staff transferred to the Division of Probation and Parole from the Institutional Security Pool.
- (\$173,764) and (two) staff transferred to the Division of Offender Rehabilitative Services.
- (\$7,500) transferred to the Division of Human Services.
- (\$6,781) transferred to the Division of Probation and Parole.

DIVISION OF HUMAN SERVICES

The Division of Human Services consists of Training, Employee Health, Personnel, and Special Services. Training is responsible for training new staff and upgrading training for present staff. Employee Health consists of activities involving infectious disease control, wellness programs, and other items that relate to employee morale and well-being. Personnel coordinates hiring, promotions, and discipline in all four divisions to ensure professional and equitable treatment is available to all employees. Special Services coordinates volunteers, visits, chaplaincy services, introduces special events, and responds to victims' concerns through an Office for Victims Services.

Fiscal Year 2002 Governor's Recommendations

- \$63,159 for employee health and safety.
- \$26,792 for pay plan.
- \$203,369 transferred from the Division of Probation and Parole.
- \$133,060 transferred from the South Central Correctional Center.
- \$6,900 transferred from Information Systems in the Office of the Director.
- \$900 transferred from the Division of Adult Institutions.
- \$600 transferred from the Office of the Director.
- (\$291,727) and (seven) staff transferred to the Office of the Director, including \$209,227 general revenue.
- (\$79,236) and (two) staff in core reduction from the Fiscal Year 2001 level.

DIVISION OF ADULT INSTITUTIONS

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 EXPENDITURE	FY 2002 REQUEST	GOVERNOR RECOMMENDS FY 2002
Central Office	\$ 1,257,449	\$ 2,159,763	\$ 4,134,057	\$ 2,243,797
Jefferson City Correctional Center	6,151,713	16,569,128	18,576,572	17,780,572
Central Missouri Correctional Center	3,054,504	7,054,234	7,815,477	7,536,782
Women's Eastern Reception & Diagnostic Correctional Center	5,888,194	10,700,518	11,813,060	11,180,680
Ozark Correctional Center	1,937,302	3,887,499	4,246,016	4,093,626
Moberly Correctional Center	4,200,605	9,967,831	11,043,834	10,592,440
Algoa Correctional Center	3,586,887	7,528,306	8,428,372	8,020,800
Missouri Eastern Correctional Center	2,973,289	6,518,815	7,173,778	6,921,010
Chillicothe Correctional Center	1,520,039	3,552,341	3,933,174	3,806,529
Boonville Correctional Center	3,380,603	7,638,580	8,454,928	8,099,364
Farmington Correctional Center	5,049,973	13,328,856	14,741,224	14,265,009
Farmington Correctional Center/ Board of Public Buildings	1,328,085	1,383,377	1,453,839	1,391,937
Farmington Boot Camp	746,582	693,410	715,654	697,610
Western Missouri Correctional Center	6,769,503	12,940,423	14,470,776	13,895,659
Potosi Correctional Center	3,816,949	8,445,160	9,308,958	8,989,169
Potosi Correctional Center Lease Payment	10,605	13,650	13,650	13,650
Fulton Reception & Diagnostic Correctional Center	4,015,694	7,937,933	11,655,584	8,376,476
FRDCC/Board of Public Buildings	571,539	612,899	640,517	617,078
Tipton Correctional Center	5,040,578	9,658,962	10,563,996	10,152,374
Western Reception & Diagnostic Correctional Center	13,882,569	15,358,661	16,342,905	15,668,875
Maryville Treatment Center	3,102,010	6,104,524	6,650,690	6,390,634
Crossroads Correctional Center	4,002,827	10,048,370	11,228,889	10,759,855
Northeast Correctional Center	6,112,196	13,768,853	15,196,252	14,659,318
Eastern Reception & Diagnostic Correctional Center	86,279	104,976	16,141,036	105,606
Eastern Reception & Diagnostic Center Lease	8,402,239	8,287,500	8,405,597	8,405,597
South Central Correctional Center	0	12,858,916	12,138,538	11,708,682
South East Correctional Center	0	0	14,183,196	0
DIVISIONAL TOTAL	\$ 96,888,213	\$ 197,123,485	\$ 249,470,569	\$ 206,373,129
PERSONAL SERVICE				
General Revenue Fund	86,536,434	186,465,898	235,116,527	196,672,884
Working Capital Revolving Fund	0	453,392	529,472	456,962
Inmate Revolving Fund	0	155,922	164,634	157,182
EXPENSE AND EQUIPMENT				
General Revenue Fund	1,949,540	1,760,774	5,254,340	680,505
PROGRAM SPECIFIC DISTRIBUTION				
General Revenue Fund	8,402,239	8,287,499	8,405,596	8,405,596
TOTAL	\$ 96,888,213	\$ 197,123,485	\$ 249,470,569	\$ 206,373,129
General Revenue Fund	96,888,213	196,514,171	248,776,463	205,758,985
Working Capital Revolving Fund	0	453,392	529,472	456,962
Inmate Revolving Fund	0	155,922	164,634	157,182
Full-time equivalent employees	3,272.87	6,981.29	8,491.29	7,333.29

Fiscal Year 2002 Governor's Recommendations

- \$118,097 for the Eastern Reception and Diagnostic Correctional Center lease.
- \$1,539,993 for pay plan, including \$1,535,163 general revenue.
- \$9,212,083 and 369 staff transferred from the Institutional Security Pool.
- (\$988,173) and (one) staff transferred to the Office of the Director.

(\$269,929) and (ten) staff in core reduction from the Fiscal Year 2001 appropriation level.

- (\$228,467) and (six) staff transferred to the Division of Probation and Parole.
- (\$133,960) transferred to the Division of Human Services.



Male Treatment

Boonville Treatment Center	60	58	2
Farmington Boot Camp	50	50	0
Cremer (Treatment)	180	177	3
Farmington Treatment Center	503	493	10
Maryville Treatment Center	525	524	3
Mineral Area Treatment Center	100	96	4
Western Reception and Diagnostic Correctional Center	320	317	3
Male Treatment Total	1,738	524	1,713
TOTAL MALE CAPACITY AND POPULATION	26,553	524	25,312

Female

Biggs	10	6	4
Chillicothe Correctional Center	525	516	9
Kansas City Community Release Center	50	41	9
St. Louis Community Release Center	100	54	46
Women's Eastern Reception and Diagnostic Correctional Center	1,460	1,366	94
TOTAL FEMALE CAPACITY AND POPULATION	2,145	1,983	162

TOTAL POPULATION	28,698	524	27,295	1,403
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Population at end of Calendar 1993	15,409			
Population at end of Calendar 1994	17,334		Growth During Calendar 1994	1,925
Population at end of Calendar 1995	18,704		Growth During Calendar 1995	1,370
Population at end of Calendar 1996	21,629		Growth During Calendar 1996	2,925
Population at end of Calendar 1997	23,652		Growth During Calendar 1997	2,023
Population at end of Calendar 1998	24,978		Growth During Calendar 1998	1,326
Population at end of Calendar 1999	26,227		Growth During Calendar 1999	1,249
Population at end of Calendar 2000	27,295		Growth During Calendar 2000	1,068

DIVISION OF OFFENDER REHABILITATIVE SERVICES

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	FY 2002 REQUEST	GOVERNOR RECOMMENDS FY 2002
Central Office	\$ 1,651,552	\$ 1,821,118	\$ 2,877,461	\$ 2,136,960
Medical Services	50,971,266	54,520,617	76,332,633	51,634,110
JOBS	18,857,071	23,021,276	27,199,180	23,672,470
Vocational Enterprises	25,771,824	35,091,680	34,119,716	33,791,600
Prison Industry Enhancement	0	962,762	962,762	962,762
DIVISIONAL TOTAL	\$ 97,251,713	\$ 115,417,453	\$ 141,491,752	\$ 112,197,902
PERSONAL SERVICE				
General Revenue Fund	15,991,036	16,121,092	18,194,991	16,390,023
Working Capital Revolving Fund	5,685,599	8,397,561	8,942,811	8,457,411
EXPENSE AND EQUIPMENT				
General Revenue Fund	55,088,853	58,305,853	86,064,002	59,060,520
Federal Funds	400,000	3,400,000	1 E	1 E
Working Capital Revolving Fund	20,086,225	28,928,347	28,025,347	28,025,347
Correctional Substance Abuse Earnings Fund	0	264,600	264,600	264,600
TOTAL	\$ 97,251,713	\$ 115,417,453	\$ 141,491,752	\$ 112,197,902
General Revenue Fund	71,079,889	74,426,945	104,258,993	75,450,543
Federal Funds	400,000	3,400,000	1	1
Working Capital Revolving Fund	25,771,824	37,325,908	36,968,158	36,482,758
Correctional Substance Abuse Earnings Fund	0	264,600	264,600	264,600
Full-time equivalent employees	680.01	601.65	618.65	601.65

Fiscal Year 2002 Governor's Recommendations

- \$857,876 and 19 staff for JOBS.
- \$696,194 for mental health services.
- \$450,000 other funds for work based education.
- \$285,997 for psychotropic medications.
- \$122,357 for pay plan, including \$62,507 general revenue.
- \$150,000 and one staff transferred from Mental Health Assessments in the Office of the Director.
- \$131,756 and three staff transferred from the Division of Probation and Parole.
- \$23,764 and one staff transferred from General Services in the Office of the Director.
- (\$2,999,999) federal funds core reduction in Medical Services from the Fiscal Year 2001 appropriation level.
- (\$1,353,000) other funds core reduction for one-time expenditures.
- (\$715,797) and (nine) staff in core reduction, including (\$315,797) general revenue.
- (\$474,000) core reduction in Medical Equipment.
- (\$394,699) and (15) staff in core reduction.

BOARD OF PROBATION AND PAROLE

The Board of Probation and Parole provides a full range of supervision strategies to manage offenders who are on probation and parole. These strategies combine appropriate structure, control, treatment, and intervention to address the risk and needs of offenders in the community. In addition to supervision of offenders, staff provide assessments and investigations for the courts, parole board, and other states. These assessments and investigations assist the judges and parole board in making informed and appropriate decisions on cases before them. Through professional assessment and supervision, the board is able to identify and deliver a continuum of necessary services to address a complex offender population. The board also manages a range of alternatives, including community sentencing, the house arrest program, intensive supervision, and halfway houses.

Fiscal Year 2002 Governor's Recommendations

- \$188,416 and five staff transferred from the South Central Correctional Center.
- \$149,790 and six staff transferred from the Institutional Security Pool to the St. Louis Community Release Center.
- \$124,825 and five staff transferred from the Institutional Security Pool to the Kansas City Community Release Center.
- \$432,785 for pay plan, including \$431,735 general revenue.
- \$40,051 and one staff transferred from the Western Reception and Diagnostic Center.
- \$6,781 transferred from the Office of the Director.
- (\$6,185,686) and (31) staff in core reduction from the Fiscal Year 2001 appropriation level.
- (\$1,557,000) transferred to the Supreme Court for felony drug courts.
- (\$203,369) transferred to the Division of Human Services.
- (\$133,600) and (two) staff transferred to the Office of the Director.
- (\$131,756) and (three) staff transferred to the Division of Offender Rehabilitative Services.
- (\$27,983) transferred to Information System in the Office of the Director.
- (\$20,500) transferred to Telecommunications in the Office of the Director.

	FY 2000 EXPENDITURE	FY 2001 A PPROPRIATION	FY 2002 REQUEST	GOVERNOR RECOMMENDS FY 2002
Nonviolent Supervision in Community Settings				
Probation and Parole Staff	\$ 60,009,012	\$ 64,971,502	\$ 72,091,078	\$ 63,621,382
St. Louis Community Release Center	2,023,946	3,533,799	3,837,237	3,712,088
Kansas City Community Release Center	899,882	1,963,015	2,168,690	2,103,945
Community-Based Corrections Programs	14,488,678	17,130,367	17,441,987	10,844,022
DIVISIONAL TOTAL	\$ 77,421,518	\$ 87,598,683	\$ 95,538,992	\$ 80,281,437
PERSONAL SERVICE				
General Revenue Fund	56,017,994	63,762,554	70,563,095	63,556,487
Inmate Revolving Fund	101,926	156,684	165,552	157,734
EXPENSE AND EQUIPMENT				
General Revenue Fund	19,352,000	20,383,018	21,513,918	13,514,508
Inmate Revolving Fund	1,949,598	3,052,708	3,052,708	3,052,708
PROGRAM SPECIFIC DISTRIBUTION				
General Revenue Fund	0	243,719	243,719	0
TOTAL	\$ 77,421,518	\$ 87,598,683	\$ 95,538,992	\$ 80,281,437
General Revenue Fund	75,369,994	84,389,291	92,320,732	77,070,995
Inmate Revolving Fund	2,051,524	3,209,392	3,218,260	3,210,442
Full-time equivalent employees	1,967.67	2,079.88	2,204.19	2,060.88

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FY 2002 EXECUTIVE BUDGET

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	FY 2002 REQUEST	GOVERNOR RECOMMENDS FY 2002
Division of General Administration	\$3,313,165,639	\$3,545,657,321	\$3,650,837,058	\$3,632,821,785
Division of Instruction	270,032,854	374,978,323	468,302,216	422,045,671
Division of Vocational Rehabilitation	93,170,626	108,844,439	167,791,639	152,577,749
Division of Vocational and Adult Education	51,402,172	59,577,227	78,472,344	60,259,494
Division of Special Education	125,464,088	148,555,919	186,612,336	183,980,404
Board Operated School Programs	1,324,964	1,555,000	1,555,000	1,555,000
Missouri Occupational Information Coordinating Committee	252,280	276,876	537,361	285,516
Commission for the Deaf	383,611	490,573	908,287	492,043
DEPARTMENTAL TOTAL	\$3,855,196,234	\$4,239,935,678 *	\$4,555,016,241	\$4,454,017,662
General Revenue Fund	391,097,067	301,227,468	345,466,512	288,061,497
Federal Funds	533,247,232	680,555,780	807,261,754	793,057,581
School District Bond Fund**	5,390,288	7,000,000	7,000,000	7,000,000
Certification of Interpreters Fund	53,152	87,000	87,000	87,000
School Building Revolving Fund	0	1,500,000	1,500,000	1,500,000
Independent Living Center Fund	179,497	210,000	220,500	210,000
Outstanding Schools Trust Fund***	480,557,042	500,314,932	538,224,888	541,755,910
Bingo Proceeds for Education Fund	1,707,168	1,707,167	1,707,167	1,707,167
Lottery Proceeds Fund	63,471,768	75,829,718	93,646,614	85,079,747
VIDEO Fund****	758,580	1,226,867	4,139,431	1,225,724
State School Moneys Fund*****	1,684,710,503	1,932,143,586	2,017,496,531	1,973,455,595
Handicapped Children's Trust Fund	29,489	30,000	30,000	30,000
Excellence in Education Fund	1,821,326	2,928,160	2,938,842	2,929,210
Fair Share Fund	23,498,819	24,300,000	24,300,001	23,835,000
School District Trust Fund	644,197,203	675,000,000	675,000,001	700,435,389
State Public School Fund	10,413,203	10,000,000	10,000,000	10,000,000
Early Childhood Development, Education and Care Fund	12,768,422	24,350,000	24,472,000	22,122,842
School for the Blind Trust Fund	1,290,475	1,500,000	1,500,000	1,500,000
School for the Deaf Trust Fund	5,000	25,000	25,000	25,000
Full-time equivalent employees	2,038.81	2,033.81	2,055.22	2,027.22

* Does not include \$4,060,215 recommended in Fiscal Year 2001 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding Department of Elementary and Secondary Education supplemental appropriations.

** The school district bond fund received the following transfers from the gaming proceeds for education fund: \$7,000,000 in Fiscal Year 2000 expenditure; \$7,000,000 in Fiscal Year 2001 appropriation; and \$7,000,000 in Governor recommends for Fiscal Year 2002.

*** The outstanding schools trust fund received the following transfers from general revenue: \$383,500,000 in Fiscal Year 2000 expenditure; \$413,400,000 in Fiscal Year 2001 appropriation; and \$451,300,000 in Governor recommends for Fiscal

Year 2002.

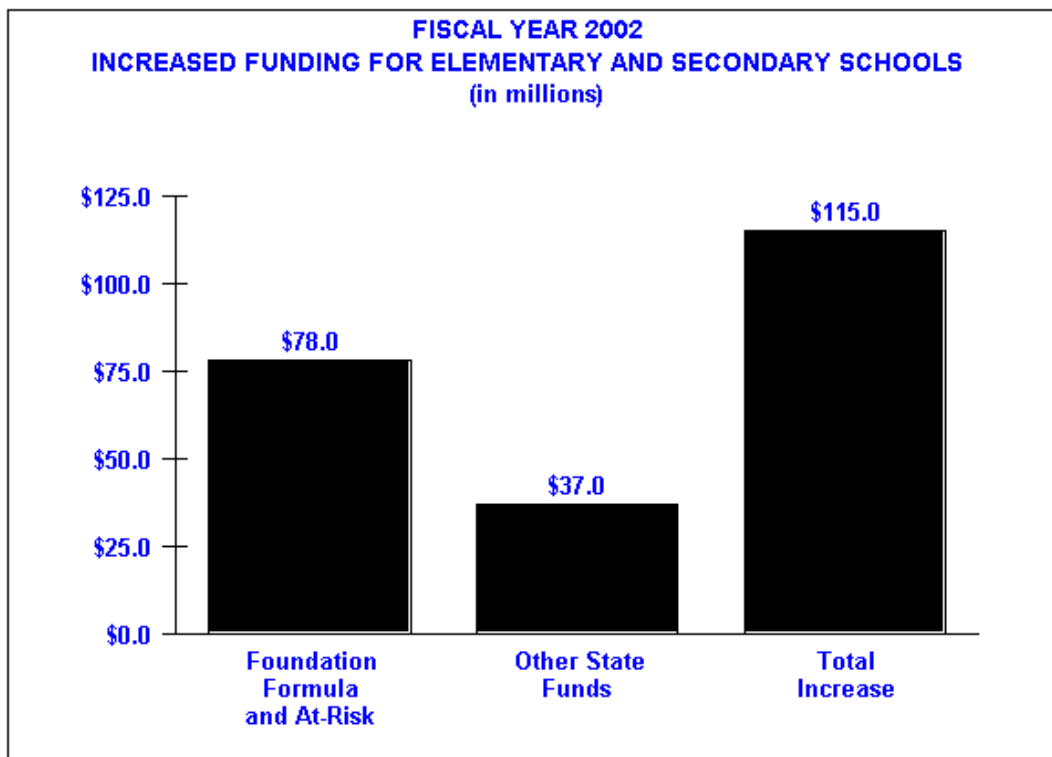
**** The VIDEO fund received the following transfers from general revenue: \$623,966 in Fiscal Year 2000 expenditure; \$1,253,224 in Fiscal Year 2001 appropriation; and \$1,253,224 in Governor recommends for Fiscal Year 2002.

***** The state school moneys fund received the following transfers from general revenue: \$1,470,945,108 in Fiscal Year 2000 expenditure; \$1,664,302,645 in Fiscal Year 2001 appropriation; and \$1,729,634,092 in Governor recommends for Fiscal Year 2002. The state school moneys fund also received the following transfers from the gaming proceeds for education fund: \$161,842,705 in Fiscal Year 2000 expenditure; \$180,200,000 in Governor recommends for Fiscal Year 2001 appropriation; and \$186,751,000 in Governor recommends for Fiscal Year 2002.

POLICY SUMMARY

Governor Holden's commitment to improving education for our students comes with a belief that Missouri has a moral responsibility to support its public schools and to continue the progress already made in education. The Governor's recommendations for Fiscal Year 2002 support his five major goals: making sure our children are ready to learn when they enter school; elevating the professional status of teaching; enhancing student performance standards and school accountability; reducing class size so students can receive more individual attention; and increasing the emphasis on personal character and discipline among our students.

Governor Holden recommends an increase of \$78.0 million to continue full funding of the foundation equity formula and At-Risk Program. Also recommended is a \$37.0 million increase in other state funds directly distributed to schools. Governor Holden intends to continue the progress in education that occurred during Governor Carnahan's administration. This includes full funding of the foundation formula, improving accountability measures, and continuing efforts to improve the education of our students through various reform programs.



Enhancing Equity for School Children

\$78.0 million increase (4.0 percent) for the foundation equity formula and At-Risk Program, bringing total funding to over \$2.0 billion.

Preparing Our Students for Success

- **A+ Schools** - \$1.1 million increase, bringing total funding to \$19.3 million. The A+ Schools Program helps high schools improve student performance and provides postsecondary financial incentives for students who might otherwise be unable to attend college. The Fiscal Year 2002 increase will provide scholarships to an additional 440 students, bringing the total number to approximately 5,600 students.
- **Parents as Teachers** - The Governor proposes to use \$6,972,000 from the tobacco settlement payments for early childhood initiatives including Parents as Teachers. This increase provides one extra visit for families with children between the ages of three and five, provides two extra visits for at-risk families with children between the ages of three and five, and increases the reimbursement rate for at-risk families. Please see the Healthy Families Trust Fund section of the Missouri Budget for more information.

Ensuring Accountability and Innovation

- **Outstanding Schools Waivers** - no cost. Schools that consistently perform at exemplary levels in the statewide assessment system will be granted Outstanding Schools Waivers. These waivers of rules and regulations promote flexibility and innovation in the operations of the school, encourage efficiency, and promote school-centered decision making.
- **Academically Deficient Schools** - funding included in the foundation formula increase. Schools that repeatedly fail to provide their students with an adequate education may be declared academically deficient. Funds will be made available through a portion of one percent of the foundation formula funding set aside to address statewide areas of critical need to help these schools recover from academic deficiency.
- **Professional Development and Training for Educators** - one percent of a school district's foundation formula money is allocated for professional development for teachers. Also, an additional one percent of the total foundation formula appropriation, \$16.8 million in Fiscal Year 2002, will be targeted to statewide areas of critical need.

CHARACTER EDUCATION: The Governor recommends \$994,998 to provide character education teacher training and resources to Missouri's school districts. The training and resources will allow schools to emphasize the importance of universal values such as responsibility, respect, trustworthiness, fairness, caring, and citizenship. In many respects, these character education initiatives are formally recognizing and supporting what good teachers have always tried to instill in students. Funding will be distributed to school districts through grants.

SAFE SCHOOLS: The Governor recommends \$1.1 million from the lottery proceeds fund to expand the Safe Schools Program by providing additional funding for alternative education initiatives statewide. These initiatives enable schools to establish preventive programs and alternative settings for disruptive students without disrupting educational services.

ADVANCED PLACEMENT AND DUAL CREDIT INCENTIVES: The Governor recommends \$360,048 to recognize public high school students who perform at a "proficient" or "advanced" level on statewide assessments. School districts will be eligible to receive grants on behalf of eligible students. The grants will pay for courses that lead to college credit for these students.

DIRECT STATE AID TO LOCAL SCHOOLS: Governor Holden's Fiscal Year 2002 budget includes \$3.5 billion in direct state aid to local public schools. In addition to the increase in the foundation formula and other programs discussed earlier, the \$115.0 million increase in direct state aid to local schools includes:

- \$198,351 for full funding of the estimated cost of the Gifted Program, bringing total funding to \$24.9 million.
- \$2.5 million to provide teachers the technological training necessary to assist in integrating the use of computers and the Internet with the content and skills communicated to students.
- \$4.0 million for additional technology grants to schools to expand technology learning for children and teachers and continue the progress made in connecting Missouri's schools to the Internet.
- \$5.8 million for Early Childhood Special Education for educational services provided to three- and four-year-old children with disabilities, bringing total state funding to \$63.2 million.
- \$4.8 million for the Extraordinary Cost and Severe Disabilities Program to assist school districts that provide educational services to students with disabilities, including \$4.3 million from the School Renovations federal grant. In addition to this increase in state aid for special education services, federal funding available to local schools is expected to increase by \$26.6 million through the federal Special Education grant.
- \$570,178 to fund salary supplements for teachers through the Career Ladder Program, bringing total funding to \$38.9 million.
- \$25.4 million from Proposition C sales tax revenue.

STATE AID TO LOCAL SCHOOL DISTRICTS
(Not Including Desegregation)
(in millions)

	FY 2001 APPROPRIATION	FY 2002 RECOMMENDATION
School Foundation Program		
Equity Formula and At-Risk	\$ 1,962.97	\$ 2,041.00
Transportation	162.07	162.06
Gifted	24.67	24.87
Special Education	149.62	149.62
Remedial Reading	11.10	11.10
Early Childhood Special Education	57.35	63.16
Career Ladder	38.34	38.91
Vocational Education	55.14	54.57
Parents As Teachers	<u>30.30</u>	<u>37.27</u>
Subtotal Foundation Program	\$ 2,491.56	\$ 2,582.56
Other State Aid		
A+ Schools Program	\$ 18.17	\$ 19.30
Technology Grants	16.73	20.73
Technology Training for Teachers	0.00	2.50
Adult Literacy	0.52	0.52
Caring Communities	2.87	2.09
Safe Schools Grants	9.30	10.35
Proposition C Sales Tax	675.00	700.44
Fair Share Cigarette Tax	24.30	23.84
Free Textbook Fund	77.00	75.72
School Food Program	3.52	3.48
VIDEO Fund	1.09	1.09
Incentives Grants	2.00	0.00
Read to be Ready Grants	6.70	6.70
Special Ed. Excess Cost/Severe Disability	0.80	1.30
Early Childhood Program	21.25	15.14
DFS/DMH School Placements	<u>5.26</u>	<u>5.26</u>
Subtotal Other State Aid	\$ 864.51	\$ 888.46
Total State Aid to Local Schools	\$ 3,356.07	\$ 3,471.02

FIRST STEPS: The Governor recommends a \$3.9 million increase to provide early intervention services for developmentally delayed infants. This increase brings total state funding to \$6.2 million.

PERSONAL CARE ASSISTANCE: The Governor recommends \$43.2 million to increase the Personal Care Assistance Program for Medicaid-eligible Missourians, allowing individuals with disabilities to choose to receive services in the community rather than in a nursing home. This increase will provide services to approximately 2,300 more clients than originally appropriated in the Fiscal Year 2001 budget. It also helps the state meet the requirements of the *Olmstead v. L.C.* decision of the U. S. Supreme Court that requires states to make reasonable progress in clearing waiting lists for people wanting to move from institutions into community settings.

SCHOOL RENOVATION: The Governor recommends \$14.3 million for school renovation. A majority of the funds will be provided on a competitive basis to school districts for urgent school repairs.

CLASS SIZE REDUCTION AND TITLE VI: The Governor recommends \$10.0 million to support local and statewide reform efforts and promising educational reform programs, provide a continuing source of innovation and educational improvement, and meet the special educational needs of at-risk students.

TITLE I: The Governor recommends \$26 million federal funds for assistance to school children who perform below the level expected of students in similar grade placement or age. The goal is for these students to meet the same high content and performance standards that other students are expected to meet, especially in the subject areas of science, mathematics, and communication arts.

TITLE IV: The Governor recommends \$2.0 million federal funds to establish, implement, and continue locally appropriate violence and drug abuse prevention programs for students, schools, and communities.

GAMING REVENUES FOR EDUCATION:

Lottery Proceeds for Education

During Fiscal Year 2002, \$154.5 million will be available from ongoing lottery revenues. Of this amount, \$77.4 million will support programs in the Department of Elementary and Secondary Education. In addition, lottery funds available on a one-time basis totaling \$7.7 million are recommended for elementary and secondary education technology grants, technology training for teachers and E-Government initiatives to assist schools. More information about lottery funds can be found in the Higher Education section of the Missouri Budget.

Riverboat Gaming Proceeds for Education

All riverboat gaming proceeds in excess of the amount transferred to the school district bond fund must be transferred by law to the state school moneys fund for the foundation formula. For Fiscal Year 2002, the Governor recommends transferring \$7.0 million in gaming proceeds to the school district bond fund for use by the Missouri Health and Education Facilities Authority (MOHEFA) to pay costs associated with school bond issues and credit enhancement. The Governor recommends that the remaining \$186.8 million be transferred to the state school moneys fund.

PERFORMANCE MEASURES

Some performance measures the Department of Elementary and Secondary Education uses to evaluate student achievement follow.

	FY 1998	FY 1999	FY 2000
*Percent of students scoring at or above the targeted skill level			
-4th grade math	32%	35%	37%
-8th grade math	13%	10%	14%
-10th grade math	7%	10%	10%
-3rd grade science	39%	35%	45%
-7th grade science	11%	15%	15%
-10th grade science	6%	5%	6%
-3rd grade communication arts	29%	29%	32%
-7th grade communication arts	30%	31%	32%
-11th grade communication arts	21%	24%	23%
-4th grade social studies	N/A	26%	38%
-8th grade social studies	N/A	36%	42%
-11th grade social studies	N/A	14%	17%
Average annual dropout rate among Missouri public school students, grades 9-12	5.3%	5.1%	5.0%
Graduation rate among Missouri public high school students	77.5%	78.1%	79.1%
Percent of 18 year olds with a high school diploma or GED	83.8%	84.3%	86.1%
Average ACT scores of Missouri high school graduates	21.5	21.6	21.6
Percent of vocational education graduates continuing their education or employed	89.6%	93.2%	93.3%

* Science and communication arts results for 1998 and social studies results for 1999 are based on voluntary administration of the assessment. Mandatory administration, in which all districts participate, began in 1998 for math, 1999 for science and communication arts, and 2000 for social studies.

A key performance measure the Department of Elementary and Secondary Education uses to evaluate early childhood care and education follows.

	FY 1998	FY 1999	FY 2000
*Percent of children with average or above average school readiness skills	N/A	75%	76%

* The Missouri School Entry Assessment was conducted for the first time during the 1998-1999 school year. The assessment is based on a statewide sample of kindergarten students and provides important information about what children entering Missouri's public kindergartens know and can do, as well as their preschool experiences.

GENERAL ADMINISTRATION

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	GOVERNOR RECOMMENDS FY 2002
Administration	\$ 9,435,543	\$ 13,762,880	\$ 17,631,819
State Public School Fund	10,413,203	10,000,000	10,000,000
Court-Ordered Payments	53,476,585	50,000,000	20,000,000
School Foundation Program Distribution	2,363,765,434	2,540,448,794	2,624,159,592
Excellence Research	97,000	0	0
Professional Development	362,125	720,000	550,000
School Food Services	124,982,863	130,631,897	136,983,785
Performance Measures	202,528	291,250	0
School Building Revolving Fund	0	1,500,000	1,500,000
Special School Advisors	1,941	2,500	1,500
Fair Share Distribution	23,498,819	24,300,000	23,835,000
School District Trust Fund Distribution	644,197,203	675,000,000	700,435,389
County Foreign Insurance Tax	73,850,033	77,000,000	75,724,700
School District Bond Intercept Program	5,390,288	7,000,000	7,000,000
Federal Grants and Donations	3,492,074	15,000,000	15,000,000
TOTAL	\$ 3,313,165,639	\$ 3,545,657,321	\$ 3,632,821,785
General Revenue Fund	279,613,840	179,457,146	148,035,273
Federal Funds	130,386,293	151,366,371	160,026,296
Bingo Proceeds for Education Fund	1,707,168	1,707,167	1,707,167
Other Funds	2,901,458,338	3,213,126,637	3,323,053,049
Full-time equivalent employees	1,025.99	1,067.31	1,054.72

ADMINISTRATION

The Department of Elementary and Secondary Education is supervised by the State Board of Education which consists of eight members appointed for eight-year terms by the Governor with the advice and consent of the Senate. The board appoints the Commissioner of Education as its chief administrative officer.

The Division of Administration consists of the Missouri School Improvement Program, school finance, information technology, school food services, transportation, building services, school data, budget, personnel, research and planning, publications and printing, and accounting sections. The school finance section determines each school district's share of the Foundation Program distribution and other sources of state aid.

Fiscal Year 2002 Governor's Recommendations

- \$4,500,000 for the E-government initiative related to the grants program streamlining project, including \$1,045,104 general revenue.
- \$27,510 for pay plan, including \$18,039 general revenue.
- (\$643,571) core reduction for one-time expenditures.
- (\$15,000) core reduction from the Fiscal Year 2001 appropriation level.

STATE PUBLIC SCHOOL FUND

The state public school fund is a non-expendable trust fund consisting of all moneys, bonds, lands, and other properties belonging to or donated to the state for school purposes and the proceeds of all sales of land and other property that accrue to the state by escheat. Only the interest earned from the investments is appropriated for the support of public schools.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

COURT-ORDERED PAYMENTS

Court supervision of the St. Louis and Kansas City School Districts has ended. State desegregation payments in the Kansas City case ended in Fiscal Year 1999 pursuant to a settlement in 1997. With passage of SB 781 in 1998, local voter approval of matching funds in February 1999, and court approval in March 1999, St. Louis desegregation operating budget payments were ended in Fiscal Year 1999 while transfer costs and capital improvement payments will be phased out. Fiscal Year 2001 payments totaled \$50 million, with \$25 million for voluntary transfer costs and \$25 million for capital costs. The Fiscal Year 2002 budget includes \$20 million for capital outlays in St. Louis. As these payments phase out, savings will be redirected to the school foundation formula for the benefit of school districts across the state.

Fiscal Year 2002 Governor's Recommendations

- (\$30,000,000) core reduction from the Fiscal Year 2001 appropriation level.

SCHOOL FOUNDATION PROGRAM DISTRIBUTION

The Outstanding Schools Act, SB 380 (1993), dramatically changed the way the state distributes money to schools. The foundation formula was revised to improve equity in educational funding for school children. The revised formula apportions money to school districts based on local effort as measured by the local property tax levy for school purposes and on local wealth. Increased local effort results in higher state funding, while increased local wealth results in lower state funding. Fully funded, the formula ensures that a one penny levy provides the same funding to 95 percent of all students from a combination of equity formula and local property tax revenues.

In addition, the Foundation Program includes funding for seven categorical add-on programs, including programs for special needs students, transportation, special education, gifted, career ladder, vocational education, and early childhood development programs. The students with special needs add-on provides extra funding to districts based on the number of students eligible for the federal Free- and Reduced-Price Lunch Program. While the money received for this program must be spent on programs for children with special educational needs, the local school district chooses which special needs programs will be funded.

The Outstanding Schools Act requires that if the formula is not fully funded, then the categorical add-on programs may not be fully funded. The system protects against the equity formula being shortchanged and provides more equity in funding. The transportation add-on pays school districts up to 75 percent of the allowable costs of school bus and other transportation. The special education add-on pays districts to provide required educational services to students with disabilities. The special education add-on also includes funding for the Early Childhood Special Education Program that serves children ages three and four. The gifted program add-on provides up to 75 percent of the cost of instructor salaries and materials to provide appropriate opportunities for gifted students.

While the remaining categorical add-on programs were not part of the Foundation Program before passage of the Outstanding Schools Act, they have received state funding in the past, with the exception of the violence prevention add-on, which was established in 2000 through Senate Bill 944. The Career Ladder Program was established by the Excellence in Education Act of 1985. This program provides an incentive to teachers, librarians, and counselors who voluntarily participate in professional development activities. The program provides for three career stages with salary supplements of up to \$1,500, \$3,000, and \$5,000 for stages I, II, and III respectively. Each stage

requires the teacher to obtain a higher level of professional development. This program is financed by state and local matching funds. Each district's local match is determined by its wealth, as measured by its assessed valuation per pupil, with wealthier districts paying a higher local match. In addition, teachers that complete the National Board for Professional Teaching Standards program are automatically placed in the third career stage.

The Early Childhood Development Program authorizes state reimbursement to school districts that provide any of three programs for preschool children: 1) developmental screening to measure the progress of children and to determine problems, potential problems, or advanced abilities in understanding, use of language, sight, hearing, motor development, health, and physical development; 2) parent education to provide resource materials and guidance to parents to improve learning in the home; and 3) programs for developmentally delayed children to provide individual and group counseling and learning activities to help these children catch up with their peers before entering school.

The Outstanding Schools Act moved state funding for vocational education programs in public school districts to the Foundation Program. The funds serve as an incentive to public schools to offer vocational education programs. However, some state vocational education funds are distributed to institutions of higher education, state agencies, and business establishments. A complete description of the vocational education distribution can be found later in this budget.

This appropriation also includes state funding for Missouri's State Board Operated Schools. This program is discussed in detail later in this budget.

Fiscal Year 2002 Governor's Recommendations

- \$64,863,239 other funds for the equity formula.
- \$13,157,945 state school moneys fund for the At-Risk Program.
- \$5,814,114 state school moneys fund for early childhood special education.
- \$570,178 state school moneys fund for the Career Ladder Program.
- \$198,351 lottery proceeds fund for programs for gifted students.
- \$193,983 for State Board Operated Schools pay plan, including \$178,010 general revenue.
- (\$524,512) and (12.59) staff in core reduction from the Fiscal Year 2001 appropriation level from the State Board Operated Schools. \$324,512 was redirected to the Special Education Excess Costs and Severe Disabilities Program.
- (\$502,000) state school moneys fund core reduction from the Fiscal Year 2001 appropriation level from the Customized Training Program in Vocational Education.
- (\$60,500) state school moneys fund core reduction from the Fiscal Year 2001 appropriation level from the New Farmer's Program in Vocational Education.

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	GOVERNOR RECOMMENDS FY 2002
Teachers Participating in Career Ladder Program	14,707	15,827	17,651
Early Childhood Development Screenings	132,760	135,415	138,123
Families Served by Parent Education	154,794	157,890	161,048
Number of Students in Gifted Programs	29,135	30,111	30,412
Students Provided Early Childhood Special Education	7,725	8,266	8,846
Equity Formula	\$ 1,505,480,459	\$ 1,629,970,537	\$ 1,694,833,776
At-Risk Program	319,417,585	333,000,000	346,157,945
Transportation	145,596,210	162,067,713	162,067,713
Special Education	144,476,090	149,617,982	149,617,982
Remedial Reading	11,094,804	11,096,925	11,096,925
Early Childhood Special Education	47,346,984	57,346,984	63,161,098
Gifted Programs	23,146,973	24,671,753	24,870,104
Career Ladder	37,462,878	38,337,774	38,907,952
Vocational Education	55,138,027	55,187,028	54,624,528
Early Childhood Development	29,059,417	30,304,651	30,304,651
State Board Operated Schools	45,546,007	48,847,447	48,516,918
TOTAL	\$ 2,363,765,434	\$ 2,540,448,794	\$ 2,624,159,592
General Revenue Fund	145,041,397	44,078,672	43,732,170
Federal Funds	1,617,324	3,061,608	3,077,581
Outstanding Schools Trust Fund	479,190,508	498,808,152	540,539,119
Bingo Proceeds for Education Fund	1,707,168	1,707,167	1,707,167
Lottery Proceeds Fund	49,959,110	58,509,609	58,707,960
State School Moneys Fund	1,683,749,927	1,931,183,586	1,973,295,595
Early Childhood Development, Education and Care Fund	2,500,000	3,100,000	3,100,000
Full-time equivalent employees	936.31	936.31	923.72

PROFESSIONAL DEVELOPMENT FOR EDUCATORS

In addition to the professional development provided to teachers through the foundation formula, additional funding has been provided through this program to the Leadership Academy and for the Early Grade Literacy Program. The Leadership Academy focuses on professional development for school administrators and the Early Grade Literacy Program focuses on teachers that provide special instruction in reading to early grade elementary students.

Fiscal Year 2002 Governor's Recommendations

- (\$170,000) core reduction from the Fiscal Year 2001 appropriation level.

SCHOOL FOOD SERVICES

This program reimburses school districts for food services to enable them to offer nutritionally balanced, low-cost meals for school children. Federal funds, required state matching funds, local funds, and commodities donated by the U.S. Department of Agriculture minimize the meal charge to children.

Fiscal Year 2002 Governor's Recommendations

- \$6,385,531 federal funds for school food services.

- (\$33,643) core reduction from the Fiscal Year 2001 appropriation level.

PERFORMANCE MEASURES

The Outstanding Schools Act required the State Board of Education to adopt academic performance standards and develop written curriculum frameworks that may be used by school districts. A set of standards developed by teachers was adopted by the State Board of Education in 1996. The curriculum frameworks have also been approved by the State Board of Education.

Fiscal Year 2002 Governor's Recommendations

- (\$291,250) outstanding schools trust fund core reduction from the Fiscal Year 2001 appropriation level.

SCHOOL BUILDING REVOLVING FUND

The school building revolving fund represents the receipts of all forfeitures of assets for breach of the penal laws. School districts may submit applications for lease purchases from the fund.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

SPECIAL SCHOOL ADVISORS

Missouri public school teachers who retired prior to July 1, 1957, may apply to become special school advisors and receive a salary supplement of up to \$75 per month from the state to bring their combined income from this program and teacher retirement benefits to \$150 per month.

Fiscal Year 2002 Governor's Recommendations

- (\$1,000) core reduction from the Fiscal Year 2001 appropriation level.

FAIR SHARE DISTRIBUTION

Tax receipts from four cents per cigarette pack are deposited in the fair share fund established by Section 149.015, RSMo. Funds are distributed to elementary and secondary schools on the basis of average daily attendance of the school district.

Fiscal Year 2002 Governor's Recommendations

- (\$465,000) fair share fund core reduction from the Fiscal Year 2001 appropriation level.

SCHOOL DISTRICT TRUST FUND DISTRIBUTION

Proposition C provides a one percent sales tax for elementary and secondary education. Revenue generated by this tax is deposited in the school district trust fund and distributed based on the number of eligible pupils in each school district.

Fiscal Year 2002 Governor's Recommendations

- \$25,435,389 school district trust fund for distribution to local schools.

COUNTY FOREIGN INSURANCE TAX

The county foreign insurance tax represents the receipts of a two percent per annum tax levied on the direct premiums of insurance companies not based in Missouri but doing business in Missouri. One-half of the net receipts of the county foreign insurance tax from the previous year are distributed by the state to school districts on the basis of the number of school children within each county pursuant to Section 140.360, RSMo.

Fiscal Year 2002 Governor's Recommendations

- (\$1,275,300) core reduction from the Fiscal Year 2001 appropriation level.

SCHOOL DISTRICT BOND INTERCEPT PROGRAM

SB 301 (1995) created the school district bond fund for use by the Missouri Health and Education Facilities Authority to pay costs associated with school bond issues and credit enhancement. The law allows up to \$7 million per year to be transferred from the gaming proceeds for education fund to the school district bond fund.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

FEDERAL GRANTS AND DONATIONS

The federal grants and donations appropriation provides authority to accept and make use of federal grants and donations that may become available during the fiscal year. The department will notify the House and Senate budget committees and the Office of Administration prior to acceptance of any new financial assistance or grants.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

DIVISION OF INSTRUCTION AND DIVISION OF URBAN AND TEACHER EDUCATION

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 A P P R O P R I A T I O N	GOVERNOR RECOMMENDS FY 2002
<u>A+ Schools</u>			
Number of A+ Schools	166	173	201
Number of students reimbursed for tuition, books, and fees	2,218	5,000	5,600
Administration*	\$ 12,470,679	\$ 13,834,321	\$ 13,908,907
Goals 2000	7,290,573	16,000,000	9,271,015
VIDEO Program	700,511	1,091,081	1,089,519
Computer Networking	26,512,735	29,231,250	35,731,250
Compensatory Education	129,603,410	164,000,000	190,000,000
Federal Instructional Improvement Grants	26,331,851	31,900,000	41,900,000
Stephen M. Ferman Memorial for Education of the Gifted	10,576	10,000	10,000
Missouri Scholars and Fine Arts Academies	728,073	789,475	789,475
Middle School Leadership Academy	9,700	10,000	10,000
New Schools Pilot Projects	74,665	0	0
High School Science, Math, and Technology Institute	97,000	100,000	100,000
National Geographic Society	48,500	50,000	0
Early Childhood Program	11,007,396	22,585,118	16,471,918
Incentives for School Excellence Program	5,638,485	2,000,000	0
A+ Schools Program	14,768,261	18,172,000	19,300,000
Student Assessment Program	10,111,937	13,438,854	13,304,346
Advanced Placement and Dual Credit Incentives	918,020	1,063,524	1,423,572
Federal Math/Science/Reading Grants	4,462,861	26,000,000	26,000,000
School Renovations Grant	0	0	14,252,588
Safe and Drug Free Schools Grant	5,902,546	7,600,000	9,600,000
Safe Schools Grants	8,289,554	9,300,000	10,350,000
Public Charter Schools Program	719,990	2,632,000	2,612,000
Scholarship Program	366,500	449,000	449,000
Missouri Council on Economic Education	13,531	13,950	0
Caring Communities Project	3,955,500	4,025,000	3,243,333
Academy for Leadership	0	73,000	0
Read to be Ready Program	0	6,700,000	6,700,000
Comprehensive School Reform	0	3,750,000	3,750,000
Federal Advanced Placement	0	62,250	286,250
Federal Refugees	0	0	400,000
Character Education	0	0	994,998
National Board for Professional Teaching Standards	0	97,500	97,500
TOTAL	\$ 270,032,854	\$ 374,978,323	\$ 422,045,671
General Revenue Fund	59,008,021	66,353,949	65,630,268
Federal Funds	188,004,112	270,278,061	316,510,878
Other Funds	23,020,721	38,346,313	39,904,525
Full-time equivalent employees	264.50	260.50	261.50

* Includes administration costs for the Divisions of Instruction, Urban and Teacher Education, Special Education, and Vocational and Adult Education.

The Division of Instruction provides consultant services to administrators and teachers in the areas of instruction and curriculum development. The division classifies, accredits, and assists school districts in expanding or improving their curriculum and instructional programs. It administers three Outstanding Schools Act programs, including the A+ Schools Program, and provides payments and local program approval for the Early Childhood Development and the Video Instructional Development and Educational Opportunity Programs. The division also assists school districts in establishing and funding gifted education programs and administers the Missouri Scholars

Academy. In addition, the division administers the following federal programs: Compensatory Education, Instructional Improvements Grants, Math/Science Instruction Grant, and Drug Abuse Education.

The Division of Urban and Teacher Education contains the teacher certification, professional conduct and investigation, teacher recruitment and retention, leadership academy, and urban education sections. The division issues teaching certificates, conducts background checks, and delivers urban education workshops annually on crime, violence, and vandalism prevention in public schools. The division administers the Leadership Academy, the Career Ladder Program, and teacher education assessment.

Fiscal Year 2002 Governor's Recommendations

- \$54,876 federal funds and one staff for the Adult Education and Literacy section.
- \$54,710 for pay plan, including \$22,692 general revenue.
- (\$35,000) core reduction from the Fiscal Year 2001 appropriation level.

GOALS 2000: EDUCATE AMERICA ACT PROGRAM

The Goals 2000: Educate America Act was approved in 1994. Federal funds provided through this program are distributed to school districts on a grant basis. The grants may be used for developing school improvement plans or enhancing teacher pre-service and in-service education. Fiscal Year 2001 marked the final year the federal government awarded Missouri a grant. The program will be phased out with carryover funding in Fiscal Year 2002.

Fiscal Year 2002 Governor's Recommendations

- (\$6,728,985) federal funds core reduction from the Fiscal Year 2001 appropriation level.

VIDEO INSTRUCTIONAL DEVELOPMENT AND EDUCATIONAL OPPORTUNITY PROGRAM

The Video Instructional Development and Educational Opportunity Program provides grants to local school districts and colleges to increase their course offerings through satellite television.

Fiscal Year 2002 Governor's Recommendations

- (\$1,562) VIDEO fund core reduction from the Fiscal Year 2001 appropriation level.

COMPUTER NETWORKING

The Outstanding Schools Act established a grant program to help school districts acquire computers, data transmission lines, networking hardware and software, science and mathematics laboratory equipment, and other equipment to promote the use of computers and telecommunications technology. Among other things, the grants assist in expanding the computer network connecting school districts, school buildings, and classrooms across the state with each other and with other educational institutions throughout the world. This network allows Missouri students to access information from libraries and universities worldwide.

Fiscal Year 2002 Governor's Recommendations

- \$4,000,000 lottery proceeds fund for additional technology grants to school districts.
- \$2,500,000 lottery proceeds fund for technology training for teachers.

COMPENSATORY EDUCATION

Federal funds are available to local schools under Title I of the Improving America's Schools Act for compensatory education. Entitlements are awarded to school districts, institutions for delinquents, state institutions for the

disabled, and adult correctional institutions with inmates under the age of 21. The grants are used to fund programs in remedial math, language arts, and reading.

Fiscal Year 2002 Governor's Recommendations

- \$26,000,000 federal funds for the Title I, Improving America's Schools Act program.

FEDERAL INSTRUCTIONAL IMPROVEMENT GRANTS

Under Title VI of the Improving America's Schools Act, states receive a percentage share of the federal appropriation based on the population ages 5 through 17 years. Up to 20 percent of the funds may remain at the state level. The remainder of the funds received by a state must be passed through to local educational agencies for purchasing instructional materials, funding guidance, counseling and testing programs, or staff development.

Fiscal Year 2002 Governor's Recommendations

- \$10,000,000 federal funds for the Title VI, Improving America's Schools Act program.

STEPHEN M. FERMAN MEMORIAL FOR EDUCATION OF THE GIFTED

Mr. Milton Ferman and Mrs. Frieda Morgan Ferman established the Stephen Morgan Ferman Memorial for Education of the Gifted. Donations were made in their son's name and the annual income may be expended through the state school moneys fund to enhance the educational opportunities of teachers of the gifted.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

MISSOURI SCHOLARS AND FINE ARTS ACADEMIES

The Missouri Scholars and Fine Arts Academies are three-week summer sessions for gifted students. The purposes of the academies are to assist gifted students to achieve their full potential and stimulate the establishment and improvement of programs for gifted students.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

MIDDLE SCHOOL LEADERSHIP ACADEMY

The Middle School Leadership Academy Program provides financial assistance for a three-day camp attended by approximately 70 middle level student leaders. The students selected for the camp gain skills to create a more positive school climate that can reduce violence and harassment.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

HIGH SCHOOL SCIENCE, MATHEMATICS AND TECHNOLOGY INSTITUTE

The High School Science, Mathematics and Technology Institute immerses approximately 150 students from most of the Kansas City area public, parochial and private high schools, and home-schooled students in a program sponsored by the University of Missouri-Kansas City.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

NATIONAL GEOGRAPHIC SOCIETY

The National Geographic Society developed a matching grant program to improve teaching techniques in geography. Funds are used to develop geography materials and curriculum. In addition, training workshops are conducted for Missouri teachers.

Fiscal Year 2002 Governor's Recommendations

- (\$50,000) core reduction from the Fiscal Year 2001 appropriation level.

EARLY CHILDHOOD PROGRAM

The Early Childhood Program includes funding for Parents as Teachers through the Foundation Program. In addition, funds are provided for grants to schools and community partnerships for early childhood care and education programs.

Fiscal Year 2002 Governor's Recommendations

- (\$6,113,200) early childhood development, education and care fund core reduction from the Fiscal Year 2001 appropriation level.

INCENTIVES FOR SCHOOL EXCELLENCE PROGRAM

The Incentives for School Excellence Program was established by the Excellence in Education Act of 1985. The program provides variable match grants to school districts to promote initiatives for excellence in education. The State Board of Education may designate a portion of the appropriation as a competitive match-free incentive. The program is designed to improve student learning and encourage replication of successful programs.

Fiscal Year 2002 Governor's Recommendations

- (\$2,000,000) lottery proceeds fund core reduction from the Fiscal Year 2001 appropriation level.

A+ SCHOOLS PROGRAM

The Outstanding Schools Act established the A+ Schools Program to award grants to schools. A+ Schools must design programs to ensure that all students graduate from school, complete a challenging course of studies with identified learner expectations, and proceed from graduation to postsecondary education or a high-wage job with workplace skill-development opportunities. The program provides career choices and community college scholarships for students who might otherwise be unable to attend college.

Fiscal Year 2002 Governor's Recommendations

- \$1,128,000 lottery proceeds fund for scholarships.

STUDENT ASSESSMENT PROGRAM

The Outstanding Schools Act requires the Department of Elementary and Secondary Education to develop a statewide assessment system for districts to determine the degree to which their students are proficient in the knowledge, skills, and competencies necessary to be successful in the workplace and postsecondary education. The

assessment must show what students can do as well as what they know.

Fiscal Year 2002 Governor's Recommendations

- \$582,000 for local scoring costs, including \$393,752 general revenue.
- (\$716,508) core reduction from the Fiscal Year 2001 appropriation level.

ADVANCED PLACEMENT AND DUAL CREDIT INCENTIVES

The budget includes funds to recognize public high school students who perform at a "proficient" or "advanced" level on statewide assessments. School districts will be eligible to receive grants on behalf of eligible students. The grants will pay for courses that lead to college credit for these students.

Fiscal Year 2002 Governor's Recommendations

- \$360,048 lottery proceeds fund for reimbursements to students scoring proficient or above on the math, science, and communications arts assessments.

FEDERAL MATH/SCIENCE/READING GRANTS

The federal Eisenhower Math and Science Program authorizes grants to state and local education agencies for math and science instructional improvements. School districts have used the funds to upgrade the skills of math and science teachers, acquire or improve curricula, and to purchase instructional equipment. The 1998 Reading Excellence Act authorized a competitive grant available to state educational agencies to provide competitive grants to local school districts for additional reading services to children pre-kindergarten to third grade.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

SCHOOL RENOVATIONS PROGRAM

The federal school renovation program provides grants to states for urgent school renovation, activities authorized under the Individuals with Disabilities Education Act (IDEA), technology activities related to school renovation, and charter school facility financing.

Fiscal Year 2002 Governor's Recommendations

- \$14,252,588 federal funds for urgent school renovations.

SAFE AND DRUG FREE SCHOOLS GRANT

The Department of Elementary and Secondary Education is eligible, on behalf of schools or groups of schools, for federal assistance under Title IV of the Improving America's Schools Act. The objectives of this program are to establish or designate local or regional advisory councils on drug abuse prevention; to establish or augment age-appropriate, developmentally-based drug abuse education and prevention programs for students; and to coordinate school-based drug abuse programs with other programs in the community and with state and local health, drug and alcohol abuse, and law enforcement agencies.

Fiscal Year 2002 Governor's Recommendations

- \$2,000,000 federal funds for grants that provide funding for instruction aimed at preventing drug abuse and violence.

SAFE SCHOOLS GRANTS

The Safe Schools Grant Program is designed to help school districts implement safe school strategies to meet local needs. The grants can be used to purchase devices to improve physical security; to work with local police departments to provide police officers in school buildings; to develop other programs to increase security; and to place violent, abusive, and disruptive students in alternative education settings.

Fiscal Year 2002 Governor's Recommendations

- \$1,050,000 lottery proceeds fund for alternative education programs.

PUBLIC CHARTER SCHOOLS PROGRAM

The Public Charter Schools Program was established to increase the understanding of the charter schools model by providing federal financial assistance for the design and initial implementation of charter schools. Grants are awarded for planning, program design, and initial implementation of a charter school.

Fiscal Year 2002 Governor's Recommendations

- (\$20,000) core reduction from the Fiscal Year 2001 appropriation level.

SCHOLARSHIP PROGRAM

The Scholarship Program established by the Excellence in Education Act of 1985 provides \$2,000 non-renewable scholarships to teacher education students. The department provides \$1,000 of the cost of each scholarship with \$1,000 provided by the participating college or university.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

MISSOURI COUNCIL ON ECONOMIC EDUCATION

The Missouri Council on Economic Education educates teachers in basic economic concepts and how to use those concepts in the classroom through ten centers for economic education located on Missouri's college and university campuses.

Fiscal Year 2002 Governor's Recommendations

- (\$13,950) core reduction from the Fiscal Year 2001 appropriation level.

CARING COMMUNITIES PROJECT

Eight agencies of state government (Elementary and Secondary Education, Social Services, Health, Mental Health, Corrections, Economic Development, Labor, and Public Safety) lead the Caring Communities Project which is a cooperative effort between a community and state agencies to maximize the impact of educational and youth services systems on children. The Caring Communities Project goals for children and youth are to remain in school while increasing their levels of success, to remain safely in their homes while avoiding out-of-home placement, and to remain out of the juvenile justice system.

Fiscal Year 2002 Governor's Recommendations

- (\$781,667) core reduction from the Fiscal Year 2001 appropriation level, including (\$231,667) general

revenue.

ACADEMY FOR RURAL AND URBAN LEADERSHIP

The Academy for Rural and Urban Leadership provides training and experiential learning opportunities for civic participation and citizenship. Students, representing nine rural and urban communities, attend the academy in the summer.

Fiscal Year 2002 Governor's Recommendations

- (\$73,000) core reduction from the Fiscal Year 2001 appropriation level.

READ TO BE READY PROGRAM

HB 889 (1999) established the Read to be Ready Program to provide matching competitive grants to schools to focus on reading assessment, teacher administration, and training in the use of reading assessment and early grade reading intervention strategies for students experiencing reading difficulties.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

COMPREHENSIVE SCHOOL REFORM

The Comprehensive School Reform demonstration initiative authorizes a research-based reform program that will allow grant awards to public schools for the implementation of whole-school, research-based reforms that qualify for funding.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

FEDERAL ADVANCED PLACEMENT

The federal Advanced Placement Program assists eligible low-income children in taking Advanced Placement exams for college credit.

Fiscal Year 2002 Governor's Recommendations

- \$224,000 federal funds for Advanced Placement exam fees for eligible students.

FEDERAL REFUGEE PROGRAM

The Department of Health and Human Services provides funding through the Refugee Children School Impact Grants Program to states and school districts to defray some of the costs of educating refugee children incurred by local school districts in which significant numbers of refugee children reside.

Fiscal Year 2002 Governor's Recommendations

- \$400,000 federal funds for the federal refugee program.

CHARACTER EDUCATION

The Character Education initiative provides character education teacher training and resources to Missouri's school

districts. The training and resources will allow schools to emphasize the importance of universal values such as responsibility, respect, trustworthiness, fairness, caring, and citizenship. In many respects, these character education initiatives are formally recognizing and supporting what good teachers have always tried to instill in students.

Fiscal Year 2002 Governor's Recommendations

- \$994,998 lottery proceeds fund for the character education initiative.

NATIONAL BOARD FOR PROFESSIONAL TEACHING STANDARDS

Obtaining National Board Certification is a rigorous process that requires teachers to demonstrate they are knowledgeable and highly skilled. This funding is to assist and encourage Missouri teachers to apply for National Board Certification by subsidizing the cost of the application fee and reimbursing local schools for the cost of substitute teachers while the applicants are away from their classrooms.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

DIVISION OF VOCATIONAL REHABILITATION

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	GOVERNOR RECOMMENDS FY 2002
<u>Administration and Vocational Rehabilitation Grant</u>			
Vocational Rehabilitation Clients Served	31,300	31,350	31,400
Clients Rehabilitated	5,625	5,650	5,000
<u>Independent Living Grant</u>			
Number of Consumers Served	16,050	16,350	16,650
<u>Disability Determinations Grant</u>			
Adjudicated Claims	73,500	70,000	70,000
<u>Personal Care Assistance</u>			
Clients Receiving Services	505	576	3,261
Administration	\$ 26,522,564	\$ 28,376,733	\$ 28,721,651
Vocational Rehabilitation Grant	40,426,422	42,381,525	42,559,870
Independent Living Grant	259,007	265,138	265,138
Disability Determinations Grant	13,734,951	18,000,000	18,000,000
Personal Care Assistance	8,285,146	15,764,419	58,674,466
Independent Living Centers	3,942,536	4,056,624	4,356,624
TOTAL	\$ 93,170,626	\$ 108,844,439	\$ 152,577,749
General Revenue Fund	19,696,609	21,540,721	38,826,375
Federal Funds	71,894,520	85,693,718	112,141,374
Independent Living Center Fund	179,497	210,000	210,000
Lottery Proceeds Fund	1,400,000	1,400,000	1,400,000
Full-time equivalent employees	696.00	696.00	701.00

The Division of Vocational Rehabilitation provides services to Missourians with disabilities to help them overcome handicaps to employment. Counseling, training, and medical services are provided based on the specific needs of each client. Vocational rehabilitation counselors evaluate each client and prepare an individual rehabilitation plan.

Fiscal Year 2002 Governor's Recommendations

- \$231,038 and five staff to administer the Personal Care Assistance Medicaid program, including \$115,519 general revenue and 2.5 staff.
- \$146,160 for pay plan, including \$420 general revenue.
- (\$32,280) federal funds core reduction from the Fiscal Year 2001 appropriation level for one-time expenditures.

VOCATIONAL REHABILITATION GRANT

The purpose of the Vocational Rehabilitation Program is to provide job training, medical assistance, and other services to individuals with disabilities to help them function effectively in the job market. To be eligible for vocational rehabilitation services, a person must have a physical or mental disability that interferes with his or her ability to obtain or hold employment and have a reasonable chance of being able to work in suitable employment if appropriate services are provided.

Fiscal Year 2002 Governor's Recommendations

- \$178,345 to increase the state match for the federal grant.

INDEPENDENT LIVING GRANT

The Independent Living Program provides services to severely disabled individuals such as physical and mental restoration, structural modifications to living areas, and equipment purchases that would significantly improve the person's ability to function independently or become employable. Federal funds with a ten-percent state match are used to fund the Independent Living Program. The department employs counselors and utilizes medical services and rehabilitation facilities to thoroughly evaluate the severely disabled individuals eligible for independent living services. An individualized, written independent living plan is developed for the purpose of providing specific services to clients.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

DISABILITY DETERMINATIONS GRANT

The federal Social Security Administration contracts with the Department of Elementary and Secondary Education to determine whether applicants for Social Security benefits meet the necessary criteria for disabilities. The program involves purchasing extensive medical and vocational evaluations. An applicant's cost of travel to examinations is also paid from this grant. The program is funded entirely from federal funds.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

PERSONAL CARE ASSISTANCE

Many individuals with severe physical disabilities are confined to their homes or to institutions because they are unable to perform routine daily tasks such as bathing, dressing, and eating. The Personal Care Assistance Program provides personal attendant care to such persons to enable them to live more independently, maintain their current employment, or become employable.

Fiscal Year 2002 Governor's Recommendations

- \$42,925,012 for the Personal Care Assistance Medicaid program to serve an additional 2,300 clients, including \$17,006,335 general revenue.
- (\$14,965) core reduction from the Fiscal Year 2001 appropriation level.

INDEPENDENT LIVING CENTERS

The department is authorized to establish and maintain independent living centers to ensure statewide access for the severely disabled. Centers throughout the state provide disabled Missourians with self-help skill and knowledge to live more independently.

Fiscal Year 2002 Governor's Recommendations

- \$300,000 federal funds for a grant from the Social Security Administration that provides information regarding employment and career development to persons with disabilities.

DIVISION OF VOCATIONAL AND ADULT EDUCATION

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	GOVERNOR RECOMMENDS FY 2002
<u>Adult Basic Education</u>			
Total Adults Enrolled	57,500	60,129	62,429
Participants Attaining a GED	10,310	11,500	11,000
 Vocational Education Distribution to Schools	\$ 26,993,093	\$ 32,064,693	\$ 32,064,693
Workforce Investment Act Grants	9,472,462	6,797,937	6,797,937
Adult Basic Education	12,452,733	17,304,606	17,304,606
Special Literacy Grant Award Program	1,171,576	1,384,991	1,184,991
School-Age Child Care	1,312,308	1,975,000	1,975,000
Troops to Teachers	0	50,000	100,000
Vocational Schools Construction	0	0	832,267
TOTAL	\$ 51,402,172	\$ 59,577,227	\$ 60,259,494
General Revenue Fund	5,217,619	5,939,284	6,571,551
Federal Funds	45,659,240	53,112,630	53,162,630
Outstanding Schools Trust Fund	525,313	525,313	525,313

The Division of Vocational and Adult Education is responsible for administering programs in vocational and adult education. The division develops state plans for vocational education and adult basic education that form the basis for distributions of federal and state funds to local education agencies. The division also administers the Vo-Tech Grants established in the Outstanding Schools Act. Other responsibilities include reviewing and approving vocational education programs operated by local schools, processing applications for the General Educational Development tests, and assisting with the development and implementation of skill training programs for unemployed or underemployed adults.

Administrative costs for the Division of Vocational Education are included under Administration in the Division of Instruction.

DISTRIBUTION TO SCHOOLS

The Outstanding Schools Act (1993) moved state vocational education distributions to the Foundation Program.

The act also established a new grant program to provide funds to educational institutions for improving vocational-technical programs. The grants may be used to provide new programs, enhance curricula, and upgrade equipment and facilities. At least 75 percent of program funding must be used for projects related to occupations with high labor market demand-to-supply ratios.

The state provides financial support to vocational programs located in public school districts, institutions of higher education, state agencies, and business establishments. Programs are designed to prepare individuals for gainful employment. The department distributes federal vocational funds and state funds to local school districts according to guidelines developed in an annual state plan for vocational education. The state and federal funds serve as an incentive to public schools to offer vocational education programs.

Since Fiscal Year 1987, new funds for area vocational schools are distributed through the "Effectiveness Index Formula," which resulted from an intensive study of vocational education completed in 1984. The formula rewards schools that provide programs with high placement rates and high labor market demand-to-supply ratios. This method of allocating funds benefits students by providing high-quality programs in occupations with good job opportunities, benefits schools by rewarding those that offer good programs with effective placement efforts, and benefits businesses by meeting their training needs.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

WORKFORCE INVESTMENT ACT GRANTS

The federal Workforce Investment Act provides federal funds that can be used for skill training to 15 service delivery areas in Missouri. The service delivery areas contract with the Department of Elementary and Secondary Education to plan, implement, and administer skill training programs. The actual training is conducted by vocational schools, community colleges, or proprietary schools.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

ADULT BASIC EDUCATION

The Outstanding Schools Act established the expansion of adult literacy services as a statewide area of critical need and provided funding for this expansion. In addition, to be designated as an A+ School under the act, districts must make available facilities and services for adult literacy training. The Department of Elementary and Secondary Education works with local public schools to establish adult basic education programs. The adult basic education programs provide training in the fundamental skills of English, reading, and mathematics. To enroll in a class, a person must be 16 years of age or older, out of school, and lacking a high school diploma.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

SPECIAL LITERACY GRANT AWARD PROGRAM

The Special Literacy Grant Award Program was established to respond to the increasing numbers of adults needing Adult Basic Education services. It is expected that a significant number of adults will request services due to the mandatory participation requirements of the federal TANF/FUTURES Program.

Fiscal Year 2002 Governor's Recommendations

- (\$200,000) core reduction from the Fiscal Year 2001 appropriation level.

SCHOOL-AGE CHILD CARE

The Federal Child Care and Development Block Grant provides funds to house school-aged child care programs in school buildings when they are not being used for educational classes. Program evaluation and technical assistance are provided to local schools interested in implementing school-age child care programs. The child care programs must be in compliance with state and local licensing laws and regulations governing care for school-aged children.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

TROOPS TO TEACHERS

The Troops to Teachers Program is designed to encourage military personnel transitioning to the civilian labor force to consider teaching as a post-military career.

Fiscal Year 2002 Governor's Recommendations

- \$50,000 federal funds for the Troops to Teachers Program.

VOCATIONAL SCHOOLS CONSTRUCTION

Since 1965, the department has supported the development and maintenance of a responsive area vocational school network for employment training. Expansions, construction, and improvement projects to existing vocational school facilities is vital to improving the quality of vocational training.

Fiscal Year 2002 Governor's Recommendations

- \$832,267 for the Cape Girardeau Career and Technology Center.

DIVISION OF SPECIAL EDUCATION

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	GOVERNOR RECOMMENDS FY 2002
<u>Sheltered Workshops</u>			
Total annual sheltered workshop employees	5,913	5,864	6,147
Special Education Grant	\$ 93,877,105	\$ 112,700,000	\$ 139,262,289
Excess Costs/Severe Disabilities Services	800,000	1,300,000	5,557,267
First Steps	5,504,790	8,997,839	13,660,718
DFS/DMH School Placements	5,397,188	5,259,396	5,259,396
Operating Maintenance and Repair	412,444	427,950	370,000
Special Olympics	97,000	100,000	100,000
Sheltered Workshops	19,350,561	19,636,734	19,636,734
Readers for the Blind	25,000	39,000	39,000
Blind Literacy Task Force	0	95,000	95,000
TOTAL	\$ 125,464,088	\$ 148,555,919	\$ 183,980,404
General Revenue Fund	27,099,215	27,430,919	28,497,481
Federal Funds	97,182,091	119,930,000	151,026,393
Lottery Proceeds Fund	357,782	370,000	545,488
State School Moneys Fund	825,000	825,000	25,000
Early Childhood Development, Education and Care Fund	0	0	3,886,042

The Division of Special Education is responsible for state and federal special education funds for Missouri public schools. The division also administers the budgets appropriated for the State Schools for the Severely Handicapped, School for the Deaf, and School for the Blind. Staff in the division monitor local school district programs for compliance with state and federal laws. The division also provides technical assistance and distributes state funds to the extended employment sheltered workshops.

Administrative costs for the Division of Special Education are included under Administration in the Division of Instruction.

SPECIAL EDUCATION GRANT

The Special Education Program provides federal grants to school districts to assist them in education programs and services for disabled children at the preschool, elementary, and secondary levels. The grants are used to purchase instructional and technological equipment and to purchase the services of teachers, ancillary staff, diagnostic staff, and administrators for better management of services to people with disabilities. The funds may also be used to provide in-service training for special education teachers and financial assistance to special education teachers working toward full certification.

Fiscal Year 2002 Governor's Recommendations

- \$26,562,289 federal funds for special education programs and services.

EXCESS COSTS/SEVERE DISABILITIES SERVICES

The Excess Costs/Severe Disabilities Services Program was established to assist school districts in providing special education services to students with severe disabilities that would otherwise attend a State Board Operated School.

Fiscal Year 2002 Governor's Recommendations

- \$5,557,267 for Excess Costs and Severe Disabilities services, including \$1,124,512 general revenue.
- (\$1,300,000) federal and other funds core reduction from the Fiscal Year 2001 appropriation level.

FIRST STEPS

First Steps is an early childhood intervention program that serves children with severe developmental delays from birth to age two. The Department of Elementary and Secondary Education collaborates with the Departments of Health and Mental Health in providing First Steps services for children.

Fiscal Year 2002 Governor's Recommendations

- \$4,662,879 federal and other funds for the First Steps Program.

DFS/DMH SCHOOL PLACEMENTS

Children in residential placements through the Division of Family Services (DFS) or the Department of Mental Health (DMH) often are enrolled in schools outside their home districts. The state reimburses the districts where these children attend school for certain educational services when the costs exceed the amount received from the children's domiciliary districts and regular state school payments.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

OPERATING MAINTENANCE AND REPAIR

The State Board of Education operates two residential facilities, the School for the Blind in St. Louis and the School for the Deaf in Fulton, and day-school facilities - the State Schools for the Severely Handicapped located throughout the state. These state-owned facilities need routine and preventive maintenance. This program allows maintenance staff to purchase materials and supplies to perform this routine and preventive care.

Fiscal Year 2002 Governor's Recommendations

- (\$57,950) core reduction from the Fiscal Year 2001 appropriation level which will be replaced with facilities maintenance reserve funds.

SPECIAL OLYMPICS

The Missouri Special Olympics Program sponsors annual statewide events for more than 7,000 children with disabilities. The events include softball, track and field, basketball, soccer, and bowling tournaments. Participants compete regionally to become eligible to attend the statewide competition. All participants in the state events receive ribbons and personal recognition for their efforts.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

SHELTERED WORKSHOPS

Sheltered workshops are not-for-profit corporations that give people with disabilities a controlled working environment. Programs are designed to enable persons to progress toward normal living and develop their work capacities. A workshop is set up and operated as a business. The manager of the workshop bids on and acquires contracts for work from industries in the community. The Department of Elementary and Secondary Education assists the workshops in management, production, bidding, and pricing techniques.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

READERS FOR THE BLIND

The Readers for the Blind Program provides payments of \$500 per year per blind student enrolled in elementary and secondary schools to employ readers. Blind students attending local elementary and secondary schools need reading assistance when Braille or large print materials are unavailable.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

BLIND LITERACY TASK FORCE

The Blind Literacy Task Force was established to develop goals and objectives to guide the improvement of special education, related services, vocational training, transition from school to work, rehabilitation services, independent living, and employment outcomes for blind and visually-impaired students.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

BOARD OPERATED SCHOOLS OPERATIONS

The Missouri School for the Deaf provides elementary and secondary education, both academic and vocational, in a residential environment for deaf- or hearing-impaired students from ages 5 to 21 years. Located in Fulton, Missouri, the school provides separate facilities for primary age, intermediate age, and high school students. To help each student develop to the maximum of his or her capability, the school utilizes a total communication approach to teaching. This approach includes use of speech, speech reading, finger spelling, the language of signs, reading and writing, hearing aids, and closed-circuit television. To be admitted to the Missouri School for the Deaf, a child must be a resident of Missouri and manifest a hearing loss that seriously limits his or her chances of success in a regular public school program. The school is tuition-free with no charge for room, board, transportation, laundry, or books. In addition to direct educational programs, the school offers extensive outreach and resource services to local educational agencies.

The Missouri School for the Blind, located in St. Louis, offers elementary and secondary education, including academic, vocational, and special training, in a residential school environment for blind or visually impaired students from ages 5 to 21. The school provides special teaching methods, materials, and curriculum additions specifically needed by children with vision impairment. A program for students provides diagnosis, evaluation, individualized programming, physical therapy, occupational therapy, speech and language therapy, adaptive physical education, and audiological examinations.

State law mandates that all children in Missouri, regardless of their disabling conditions, are entitled to an appropriate educational program. For students too severely disabled to be served effectively by local public schools, the Department of Elementary and Secondary Education operates 37 state schools and contracts with private non-profit agencies to provide educational services for children the state schools cannot practically serve. These schools offer day programs in basic and prevocational training with the ultimate goal of assisting students in functioning semi-independently in their homes and communities. Programs include self-care, sensory and perceptual training, language development, interpersonal relations, home-living, and functional academics. The state provides transportation for the students by contracting for transportation services and by operating state-owned buses. State

funding for the State Board Operated Schools is appropriated in the Foundation Program.

SCHOOL FOR THE DEAF TRUST FUND

The school for the deaf trust fund was established by law to receive gifts and bequests from individuals who wish to assist the Missouri School for the Deaf. The funds are invested or used for program improvements and facility additions at the School for the Deaf. Some funds are specifically donated to be used for awards to students in areas such as scholarship, character, and leadership.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

SCHOOL FOR THE BLIND TRUST FUND

The school for the blind trust fund was established by law to receive gifts and bequests from individuals who wish to assist the Missouri School for the Blind. The funds are invested or used for program improvements and facility additions at the School for the Blind.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

STATE SCHOOLS FOR THE SEVERELY HANDICAPPED TRUST FUND

The handicapped children's trust fund was established to receive gifts and bequests from individuals who wish to assist the State Schools for the Severely Handicapped. The money in the fund is invested each year in short-term securities or used to purchase supplies, equipment, and materials used in the state schools.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

MISSOURI OCCUPATIONAL INFORMATION COORDINATING COMMITTEE

Federal law requires Missouri to have a coordinating committee to develop an occupational information system to collect and disseminate occupational data and encourage the use of that information by training program planners and persons making career decisions.

Fiscal Year 2002 Governor's Recommendations

- \$15,010 federal funds for the Missouri Occupational Information Coordinating Committee.
- \$630 for pay plan.
- (\$7,000) core reduction from the Fiscal Year 2001 appropriation level.

COMMISSION FOR THE DEAF

Section 161.400, RSMo authorized establishment of the Missouri Commission for the Deaf within the Department of Elementary and Secondary Education. Senate Bill 568 (1994) established a Board for Certification of Interpreters

within the Commission for the Deaf. The board is responsible for certifying interpreters for the deaf prior to licensure.

Fiscal Year 2002 Governor's Recommendations

- \$1,470 for pay plan.

TRANSFER OF FUNDS TO VIDEO FUND

Funds are transferred from general revenue into the VIDEO fund to meet appropriation obligations for the Video Instructional and Educational Opportunities Program.

Fiscal Year 2002 Governor's Recommendations

- | | |
|--|---------------|
| • Total recommended appropriation from VIDEO fund | \$ 1,225,724 |
| • Plus VIDEO fund needed for employee benefits | <u>27,500</u> |
| • Total funds to be transferred from general revenue to VIDEO fund | \$ 1,253,224 |

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	GOVERNOR RECOMMENDS FY 2002
General Revenue Fund	\$ 623,966	\$ 1,253,224	\$ 1,253,224

TRANSFER OF FUNDS TO OUTSTANDING SCHOOLS TRUST FUND

The Outstanding Schools Act (1993) provides revenues for the formula equity provisions of the act. These revenues are transferred from general revenue into the outstanding schools trust fund to pay for the initiatives in the Outstanding Schools Act.

Fiscal Year 2002 Governor's Recommendations



TRANSFER OF FUNDS TO STATE SCHOOL MONEYS FUND

Funds are transferred from general revenue and the gaming proceeds for education fund to the state school moneys fund to meet appropriation obligations.

Fiscal Year 2002 Governor's Recommendations

• Total recommended appropriation from state school moneys fund	\$ 1,973,455,595
• Less amount available in state school moneys fund from gaming proceeds, cigarette taxes, investment earnings, prior year lapse, Ferman Memorial funds, and the balance	(243,821,503)
• Total funds to be transferred from general revenue to state schools moneys fund	\$ 1,729,634,092
• Total funds transferred from gaming proceeds for education fund	186,751,000
• Total transferred to the state school moneys fund	\$ 1,916,385,092

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	GOVERNOR RECOMMENDS FY 2002
General Revenue Fund	\$ 1,470,945,108	\$ 1,664,302,645	\$ 1,729,634,092
Gaming Proceeds for Education Fund	161,842,705	180,200,000	186,751,000
TOTAL	\$ 1,632,787,813	\$ 1,844,502,645	\$ 1,916,385,092

TRANSFER OF FUNDS TO SCHOOL DISTRICT BOND FUND

SB 301 (1995) allows up to \$7 million to be transferred from the gaming proceeds for education fund to the school district bond fund for use by the Missouri Health and Education Facilities Authority to pay costs associated with school bond issues and credit enhancement.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	GOVERNOR RECOMMENDS FY 2002
Gaming Proceeds for Education Fund	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000

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FY 2002 EXECUTIVE BUDGET

DEPARTMENT OF HEALTH

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	FY 2002 REQUEST	GOVERNOR RECOMMENDS FY 2002
Health Administration	\$ 15,937,484	\$ 30,140,334	\$ 31,400,887	\$ 29,863,908
Center for Health Information				
Management and Epidemiology	10,756,288	11,848,351	11,918,129	11,311,565
Center for Local Public Health Services	14,649,733	10,562,485	18,128,852	10,543,034
Center for Community Development and Health Care Access	5,616,432	11,601,527	14,268,370	11,046,994
Missouri Health Facilities Review Committee	310,193	346,335	371,134	316,726
Environmental Health and Communicable Disease Prevention	27,215,951	32,380,059	46,852,730	38,738,106
Maternal, Child and Family Health	37,415,627	43,115,378	50,773,994	42,358,752
Nutritional Health and Services	117,026,558	157,229,168	161,118,633	157,174,068
Health Standards and Licensure	12,573,537	17,481,978	19,028,015	17,749,357
Chronic Disease Prevention and Health Promotion	8,348,770	11,631,183	15,898,831	12,364,761
DEPARTMENTAL TOTAL	\$ 249,850,573	\$ 326,336,798	\$ 369,759,575	\$ 331,467,271
General Revenue Fund	56,769,181	64,067,553	96,257,301	60,452,843
Federal Funds	179,995,574	244,898,478	255,714,336	252,431,096
Health Initiatives Fund	5,058,272	5,406,206	5,407,996	5,406,382
Health Access Incentive Fund	4,286,216	4,218,332	4,223,624	4,219,172
Mammography Fund	60,618	64,739	71,746	70,107
Missouri Public Health Services Fund	1,513,976	2,939,902	3,244,218	3,216,340
Professional and Practical Nursing Student Loan and Nurse Loan Repayment Fund	476,669	534,836	536,240	535,256
Medical School Loan and Loan Repayment Program Fund	11,250	50,000	50,000	50,000
Department of Health Document Services Fund	140,481	225,000	225,000	225,000
Workers' Compensation Fund	115,790	138,312	144,288	138,942
Department of Health - Donated Fund	947,140	2,601,406	2,557,350	2,684,217
Hazardous Waste Remedial Fund	220,398	238,694	250,238	239,954
Organ Donor Program Fund	253,240	371,354	373,163	371,669
Early Childhood Development, Education and Care Fund	0	271,986	267,408	989,626
Smith Memorial Endowment Trust Fund	0	35,000	35,000	35,000
Blindness Education, Screening and Treatment Fund	0	0	126,667	126,667
Crippled Children's Fund	1,768	275,000	275,000	275,000
Full-time equivalent employees	1,146.27	1,332.35	1,479.60	1,313.10

POLICY SUMMARY

Governor Holden's budget for Fiscal Year 2002 provides a total of \$331.5 million for the Department of Health for its vital role in protecting and promoting the health of Missourians. The department is engaged in activities that protect the health of Missouri's children, prevent or control communicable diseases, reduce the burden of chronic diseases, and safeguard the public.

PROTECT THE HEALTH OF MISSOURI'S CHILDREN

The Department of Health has focused its efforts to achieve priority results related to healthy Missourians. The department is working to increase the percentage of pregnancies that result in healthy babies, decrease the rate of infant mortality, and decrease the pregnancy rate for females under age 18. Great strides have been made in reducing childhood mortality, but significant risks to child health remain, including poor nutrition, unsafe environments, and high-risk behaviors among adolescents. Many challenges still remain in a state where 17.7 percent of our children lived in poverty in 1997. In 1999, a total of 5,844 babies were born with low birth weight, placing them at risk for adverse outcomes and premature deaths. Lack of access to health care, including medical and dental care, means many children do not get the screening, treatment, and prevention services they need in a timely manner. Fewer than a quarter of Missouri's adolescents consume five servings of fruits and vegetables daily and about 20 percent of our children have untreated dental cavities. A specific and totally preventable high-risk behavior among adolescents is tobacco use, whether smoking or chewing. In 1999, 32.8 percent of Missouri's adolescents were currently smoking creating the potential for long-term future health problems such as cancer, heart disease, and obstructive lung disease, as well as premature deaths. In the Fiscal Year 2002 budget, Governor Holden recommends:

- \$275,872 to provide for the screening of congenital adrenal hyperplasia in newborns. The program will ensure all newborns are screened for this life threatening condition so that proper care can be provided early enough to prevent serious illness, reduced growth, and emotional disorders.
- The Governor also proposes to dedicate a portion of the tobacco settlement funds to early childhood programs, youth smoking prevention programs, and to increase the availability and accessibility of primary care physicians and dentists. See the Healthy Families Trust Fund section of the Missouri Budget for more information.

Some performance measures the Department of Health uses to evaluate its goal of protecting the health of Missouri's children follow:

	FY 1997	FY 1998	FY 1999
Percentage of pregnancies resulting in healthy birth weight babies	76.5%	77.1%	77.3%
Infant mortality rate per 1,000 births	7.6	7.6	7.7
Pregnancy rate per 1,000 females under age 18	40.2	38.0	35.1
Percentage of pregnant women who received adequate prenatal care	88.6%	89.0%	89.5%
Percentage of high school students currently smoking	40.3%	N/A	32.8%
Percentage of childcare facilities that meet health and safety standards	93%	94%	94%

PREVENT OR CONTROL COMMUNICABLE DISEASES

Communicable diseases continue to threaten public health and contribute significantly to the cost of health care even though many serious infectious diseases are largely or completely preventable. In Missouri, there are at least 7,771 people living with reported cases of HIV/AIDS. In 1999, there were 8,187 reported cases of gonorrhea and 13,355 cases of chlamydia. Sexually transmitted diseases are the leading cause of infertility in women, and the cost of STD complications in Missouri is estimated at \$200 million annually. The Department of Health continues to focus funding at the local level where prevention and treatment efforts are most effective. In the

Fiscal Year 2002 budget, Governor Holden recommends:

- \$5.9 million to increase health education activities; prevention and community interventions; and provide health care, medication therapy, counseling, and housing for the sexually transmitted diseases program. Sexually transmitted diseases are the most frequently reported diseases in Missouri and include chlamydia, gonorrhea, syphilis, and HIV/AIDS.
- \$291,696 to fight HIV/AIDS in the African American community in response to the Governor's Task Force recommendations. The program will support contracts with community-based organizations which will be responsible for developing and conducting needs assessments, promoting health education, conducting conferences, and coordinating prevention activities and treatment access among all participating organizations.
- \$100,000 to augment the model local public health agencies program initially funded last year for the development of seven model agencies.

Some performance measures the Department of Health uses to evaluate its goal of preventing or controlling communicable diseases follow:

	FY 1997	FY 1998	FY 1999
Percentage of two-year-old children served by local public health agencies who are immunized	89.0%	85.5%	85.9%
Rate of chlamydia infections per 100,000 population	226.5	232.7	244.2
Rate of gonorrhea per 100,000 population	141.6	174.0	149.7
Rate of AIDS per 100,000 population	8.9	8.6	8.0

REDUCE THE BURDEN OF CHRONIC DISEASES

Chronic diseases such as heart disease, cancer, stroke, obstructive lung diseases, and diabetes are the most prevalent, costly, and preventable of all health problems. In 1998, these five conditions were responsible for 67 percent of all deaths in Missouri, and each of these diseases has substantial human costs with long periods of illness, physical suffering, and disruptions to families. The economic costs of chronic disease treatment for medical care, equipment to accommodate disabilities, loss of work, and premature death exceed \$14.2 billion in Missouri annually. Chronic diseases share many of the same risk factors, including tobacco usage, obesity, lack of exercise, and diets lacking adequate fruits and vegetables. Despite the human and economic costs, 27.1 percent of adults and 32.8 percent of high school students in Missouri continue to smoke. The control of obesity reduces the risk for arthritis, coronary artery disease, diabetes, hypertension, and cancer. Yet in 1999, 35.5 percent of Missouri adults are obese and more than a quarter of adults engage in no leisure time physical activity. Increasing the number of years of healthy living depends on Missourians identifying personal health risks, adopting healthy lifestyle habits, and using detection and treatment services effectively. In the Fiscal Year 2002 budget, Governor Holden recommends:

- \$824,352 to enhance the existing comprehensive cardiovascular health program to address the high rates of cardiovascular disease for all Missourians, as well as specific susceptible subpopulations. Funds will be used to develop partnerships; improve coordination among governmental and community organizations; develop strategies to reduce the burden of the disease; and address related risk factors, such as diet, exercise, and stress.
- \$126,667 to implement SB 721 (2000) that created the Missouri Blindness Education, Screening and Treatment Program to provide educational programs and allow more people access to evaluations for earlier detection, sight preservation treatment services, and appropriate devices for those with compromised vision.

Some performance measures the Department of Health uses to evaluate its goal of reducing the burden of chronic disease follow:

	FY 1997	FY 1998	FY 1999
Rate of heart disease per 100,000 population	147.3	141.2	139.9
Rate of all cancer per 100,000 population	133.6	133.3	129.6
Percentage of adults who are obese	31.6%	35.6%	35.5%
Percentage of adults currently smoking	28.7%	26.4%	27.1%

SAFEGUARD THE PUBLIC

The lives of Missouri citizens are shortened, and disability and illness occur because of injuries, natural disasters, environmental hazards, ineffective or unsafe health care or childcare services, or lack of access to health care. The public health system, in collaboration with other partners, plays a central role in developing and implementing programs to safeguard the public's well being. Public health functions are necessary to protect the health of Missourians. These include inspections of hospitals, ambulatory surgical centers, restaurants, lead abatement projects, and child and adult daycare programs; health screenings and disease tracking; and prevention and wellness promotion programs. In the Fiscal Year 2002 budget, the Governor recommends:

- \$385,258 to ensure hospital and ambulatory surgery center applications for licensure and accreditation reviews are conducted in a timely manner and inspections and complaint investigations are dealt with quickly and thoroughly.
- \$322,449 to improve the State Public Health Laboratory's capacity to investigate foodborne illnesses and organisms causing gastrointestinal illnesses and to improve the epidemiological capabilities of the laboratory.
- \$44,172 to expand the department's capabilities in the area of lead abatement. Funding will improve licensing procedures and increase the audits of accredited training providers to assure good training in acceptable work practice standards for lead abatement.

Some performance measures the Department of Health uses to evaluate its goal of safeguarding the public follow:

	FY 1997	FY 1998	FY 1999
Rate of tuberculosis (TB) disease per 100,000 population	4.6	3.4	3.8
Percent of children with elevated blood lead levels	13.7%	12.3%	11.0%
Number of substandard hospital care cases	1,526	1,689	1,673

HEALTH ADMINISTRATION

The department's central administration is responsible for cost-effective implementation of Missouri's public health programs and provides administrative support to the Director's Office and all other Department of Health divisions. Responsibilities and services include budgeting, accounting, expenditure control, purchasing, contract and grant administration, internal auditing, and general office support. Administration staff also support the work of the State Board of Health, which advises the director in the planning and operation of the department. The Office of Epidemiology investigates and assists others with public health issues.

The administrative division oversees the State Public Health Laboratory which performs analysis of samples from newborns for metabolic conditions; conducts tests of human samples for agents suspected in disease outbreaks; and performs tests for tuberculosis, HIV, sexually transmitted diseases, rabies, immunizable diseases, and other

diseases. The laboratory also conducts tests of public and private water supplies, performs screenings for childhood lead poisoning, and examines milk and food suspected of causing disease outbreaks.

Fiscal Year 2002 Governor's Recommendations

- \$275,872 other funds and two staff for the laboratory services necessary to screen newborns for congenital adrenal hyperplasia.
- \$9,824 for the payment of legal expenses as the result of a Personnel Advisory Board ruling.
- \$54,639 for pay plan, including \$29,888 general revenue.
- \$172,102 and three staff transferred to the Director's Office to move the Office of Epidemiology from the Center for Health Information Management and Epidemiology.
- \$43,838 and one staff transferred for the Emergency Management Officer from the Center for Local Public Health Services.
- (\$792,701) and (10.75) staff in core reduction from the Fiscal Year 2001 appropriation level.
- (\$40,000) for one-time expenditures.

CENTER FOR HEALTH INFORMATION MANAGEMENT AND EPIDEMIOLOGY

The Center for Health Information Management and Epidemiology is responsible for collecting, analyzing, and distributing data that promotes better understanding of health problems and needs in the state, as well as health improvements for Missourians. The center collects and reports on births and deaths, disease and injury incidence, and hospital and nursing home information. Copies of birth and death records are issued to Missourians, and consumer guides on hospital costs are published. The Office of Information Systems provides support for the department's statewide data network and computer database applications.

Fiscal Year 2002 Governor's Recommendations

- \$33,674 for pay plan, including \$13,966 general revenue.
- (\$333,976) and (four) staff in core reduction from the Fiscal Year 2001 appropriation level.
- (\$172,102) and (three) staff transferred to the Office of Epidemiology in the Director's Office.
- (\$64,382) and (one) staff transferred to the Division of Environmental Health and Communicable Disease Prevention.

CENTER FOR LOCAL PUBLIC HEALTH SERVICES

The Center for Local Public Health Services coordinates the Department of Health's partnership with local public health agencies to improve the health of all Missourians. The center develops tools, policies, and strategies to strengthen public health and assists in professional training and development for public health professionals throughout the state. The center is active in defining the core public health roles and activities and in building the capacity to carry them out at the local level. Some of these activities include inspecting restaurants, monitoring and investigating communicable diseases and environmental health threats, and promoting community health awareness.

Fiscal Year 2002 Governor's Recommendations

- \$100,000 other funds to increase the Model Health Agency Grant approved for Fiscal Year 2001.
- \$2,774 for pay plan, including \$2,353 general revenue.

- (\$60,987) and (2.5) staff in core reduction from the Fiscal Year 2001 appropriation level.
- (\$43,838) and (one) staff transferred to the Director's Office for the Emergency Management Officer.
- (\$17,400) donated funds for one-time expenditures.

CENTER FOR COMMUNITY DEVELOPMENT AND HEALTH CARE ACCESS

The Center for Community Development and Health Care Access provides technical assistance and resources to communities in an effort to improve the health status of Missouri's citizens. The center works with communities by helping them to assess the health care needs in their area and to determine the resources needed to meet these needs. The center then acts as an advocate and a liaison to federal, state, and local governments and agencies by identifying the resources available at each level for meeting these needs. Two other important community programs include the CHART Program that provides technical assistance to communities to improve health status and the Caring Communities Program that is a collaboration between state and local programs focused on improving the lives of children and their families. Another program to improve health status is the Primary Care Resource Initiative for Missouri (PRIMO) Program that provides incentives to encourage physicians, dentists, and nurses to practice in underserved areas of the state through health profession loan programs, advanced training programs, and professional development opportunities.

Fiscal Year 2002 Governor's Recommendations

- \$6,405 for pay plan, including \$2,520 general revenue.
- \$389,608 and eight staff transferred to the Bureau of Dental Care from the Division of Maternal, Child and Family Health Services, including \$181,240 general revenue.
- (\$950,546) and (two) staff in core reduction from the Fiscal Year 2001 appropriation level.

MISSOURI HEALTH FACILITIES REVIEW COMMITTEE

The Missouri Health Facilities Review Committee implements the Certificate of Need Program in Missouri. The purpose of the Certificate of Need Program is health care cost containment through both cost management and the prevention of unnecessary duplication of health care services. This program provides staff assistance and support for the review committee. The committee reviews proposals to develop or offer new institutional health services and issues certificates for those services determined to be needed.

Fiscal Year 2002 Governor's Recommendations

- \$1,680 for pay plan.
- (\$31,289) and (one) staff in core reduction from the Fiscal Year 2001 appropriation level.

DIVISION OF ENVIRONMENTAL HEALTH AND COMMUNICABLE DISEASE PREVENTION

The Division of Environmental Health and Communicable Disease Prevention provides services that focus on disease prevention and control. The division performs surveillance and epidemiological services for a wide range of communicable and zoonotic diseases and environmental induced conditions. It provides diagnosis and treatment of tuberculosis, HIV/AIDS, and sexually transmitted diseases, and administers the immunization program. The division also prevents and controls disease due to environmental factors through enforcement of

community sanitation standards, control of hazardous substances, and assessment of environmental health risks.

Fiscal Year 2002 Governor's Recommendations

- \$5,872,996 federal funds for the Sexually Transmitted Disease Program to increase education, prevention, and client services.
- \$322,449 federal funds and three staff for the State Public Health Laboratory to enhance foodborne disease investigations and improve epidemiological capabilities.
- \$291,696 for an HIV/AIDS program to improve prevention and coordinate services for those in need in the African-American community.
- \$44,386 for pay plan, including \$19,373 general revenue.
- \$64,382 and one staff transferred from the Center for Health Information Management and Evaluation.
- (\$229,380) and (5.75) staff in core reduction from the Fiscal Year 2001 appropriation level.
- (\$5,000) other funds transferred to the Division of Health Standards and Licensing.
- (\$3,482) for one-time expenditures.

DIVISION OF MATERNAL, CHILD AND FAMILY HEALTH

The Division of Maternal, Child and Family Health provides statewide leadership to the public and private sectors in the design and integration of health delivery systems for women, children, and families in Missouri. The division formulates policy and recommends standards to assure quality of care. The division also conducts need and capacity assessments with community partnerships. It connects localities with school health, family planning, perinatal substance abuse, and special health care needs services. Grants are awarded to childcare providers to assure quality childcare. The division also offers a toll-free telephone number (1-800-TEL-LINK) that refers women and their families to Medicaid, prenatal care, and other services.

Fiscal Year 2002 Governor's Recommendations

- \$126,667 other funds to implement the Missouri Blindness Education, Screening and Treatment Program, SB 721 (2000).
- \$37,218 for pay plan, including \$18,903 general revenue.
- \$9,190 transferred from the Division of Nutrition and Health Services to correct a one-time expenditure reduction that occurred in the wrong division during the last budget process, including \$5,368 general revenue.
- \$7,460 federal funds transferred from the Division of Health Standards and Licensing to correct a one-time expenditure reduction that occurred in the wrong division during the last budget process.
- (\$525,663) and (eight) staff in core reduction from the Fiscal Year 2001 appropriation level.
- (\$389,608) and (eight) staff transferred to the Bureau of Dental Care to the Center for Community Development and Health Care Access, including (\$181,240) general revenue.
- (\$21,890) for one-time expenditures.

DIVISION OF NUTRITIONAL HEALTH AND SERVICES

The Division of Nutritional Health and Services provides numerous services statewide that are focused on improving the nutritional intake of all Missourians. This is especially important for children whose physical growth, mental development, and health are so dependent on good nutrition. The division provides food security through the Women, Infants, and Children Supplemental Food Program; the Child and Adult Care Food Program; the Summer Food Program; and the Farmers' Market Nutrition Program. The division also collaborates with other nutrition-based organizations to provide information to child and adult care program providers,

teachers, students, and health care professionals. It also provides information and support to food program participants, including pregnant women who want to breastfeed their babies.

Fiscal Year 2002 Governor's Recommendations

- \$18,270 for pay plan, including \$1,382 general revenue.
- (\$33,550) core reduction from the Fiscal Year 2001 appropriation level.
- (\$30,630) federal funds for one-time expenditures.
- (\$9,190) transferred to the Division of Maternal, Child and Family Health to correct a one-time expenditure reduction that occurred in the wrong division during the last budget process, including (\$5,368) general revenue.

DIVISION OF HEALTH STANDARDS AND LICENSURE

The division assures that products or services directly affecting public health meet minimum health safety standards. It licenses and inspects hospitals, nursing home affiliated with hospitals, home health agencies, hospices, ambulance services, ambulatory surgical centers, and child care facilities. The division also licenses emergency medical technicians, paramedics, and lead abatement professionals and regulates and investigates pharmacists and others who handle controlled substances.

Fiscal Year 2002 Governor's Recommendations

- \$728,740 other funds to restore a general revenue core reduction for the Child Care Improvement Program.
- \$428,430 federal funds and nine staff to increase the division's capabilities for lead abatement licensing and hospital licensing.
- \$53,138 for pay plan, including \$34,251 general revenue.
- \$5,000 other funds transferred from the Division of Environmental Health and Communicable Diseases to fix a funding shortfall in the mammography fund.
- (\$866,866) and (4.5) staff in core reduction from the Fiscal Year 2001 appropriation level.
- (\$73,603) for one-time expenditures, including (\$61,453) general revenue.
- (\$7,460) federal funds transferred to the Division of Maternal, Child and Family Health to correct a one-time expenditure reduction that occurred in the wrong division during the last budget process.

DIVISION OF CHRONIC DISEASE PREVENTION AND HEALTH PROMOTION

The Division of Chronic Disease Prevention and Health Promotion administers programs to prevent and control chronic diseases such as heart disease, cancer, diabetes, osteoporosis, and arthritis through research, screening, behavioral intervention, and community health education activities. The division develops and coordinates community-based health promotion projects; administers the Tobacco Use Prevention Program that is aimed at reducing tobacco usage; conducts cancer control and prevention activities; coordinates an organ donor registry; provides no-cost mammograms and pap smears to uninsured women; and performs, as part of a national effort, a monthly survey on health behaviors of Missourians.

Fiscal Year 2002 Governor's Recommendations

- \$824,352 federal funds and 4.75 staff to enhance the existing comprehensive cardiovascular health program.
- 3.5 staff to correct an error in the Fiscal Year 2001 budget.

- \$19,657 for pay plan, including \$4,455 general revenue.
- (\$93,218) and (three) staff in core reduction from the Fiscal Year 2001 appropriation level.
- (\$17,213) federal funds for one-time expenditures.

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FY 2002 EXECUTIVE BUDGET
DEPARTMENT OF HIGHER EDUCATION
FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	FY 2002 REQUEST	GOVERNOR RECOMMENDS FY 2002
Higher Education Coordination	\$ 1,262,730	\$ 1,325,949	\$ 2,732,684	\$ 1,302,093
Proprietary School Regulation	196,702	324,088	330,710	324,928
Midwest Higher Education Commission	75,000	75,000	82,500	82,500
Missouri Learner's Network	0	0	460,076	50,000
Contracting with Other States	250,000	250,000	250,000	250,000
Common Library Platform	2,217,916	3,401,845	2,400,000	1,299,077
State Anatomical Board	2,739	3,069	3,069	3,069
Federal Education Programs	1,146,079	4,288,079	5,794,212	3,780,047
MOSTARS - Grants and Scholarships	40,301,603	41,299,058	44,812,714	39,123,612
MOSTARS - Missouri Student Loan Program	41,860,188	94,526,602	103,479,670	103,115,748
Community Colleges	140,009,769	151,849,466	171,122,643	153,005,327
Technical Colleges	4,680,595	5,510,528	6,475,685	5,244,667
Four-Year Colleges and Universities	731,747,803	791,443,399	894,567,826	811,441,432
University of Missouri - Related Programs	39,839,987	47,628,277	54,881,407	49,014,527
DEPARTMENTAL TOTAL	\$1,003,591,111	\$1,141,925,360 *	\$1,287,393,196	\$1,168,037,027
General Revenue Fund	878,432,055	960,430,936	1,095,714,571	978,736,489
Federal Funds	1,650,838	5,288,079	6,794,212	4,780,047
Missouri Student Grant Program Gift Fund	0	50,000	50,000	50,000
Lottery Proceeds Fund	79,355,441	79,510,463	79,510,463	79,510,463
Guaranty Agency Operating Fund	7,543,519	8,119,081	15,773,950	15,409,608
U.S. Department of Education Interest Account Fund	434,420	1,401,801	2,700,000	2,700,420
Federal Student Loan Reserve Fund	33,878,904	85,000,000	85,000,000	85,000,000
Proprietary School Bond Fund	0	100,000	100,000	100,000
State Seminary Fund	2,084,686	1,750,000	1,500,000	1,500,000
State Seminary Moneys Fund	211,248	275,000	250,000	250,000
Full-time equivalent employees	76.72	82.28	109.28	96.83

* Does not include \$3,576,846 recommended in the Fiscal Year 2001 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding Department of Higher Education supplemental appropriations.

POLICY SUMMARY

Advanced education is a prerequisite for success in the 21st century. In a world where frequent job changes are the norm, access to quality higher education is not only key to a better quality of life, it is also crucial as a resource for the local economy. Missouri's ability to attract and retain high quality jobs and businesses depends on an adequate supply of educated workers. Our state is fortunate to have a higher education system that is actively preparing Missourians for the challenges ahead. In response to the unfolding global economic transformation, higher education institutions in

Missouri have developed differentiated educational missions; more high-skill, high-wage training; and continuous learning opportunities for citizens. Governor Holden supports this agenda, and the Fiscal Year 2002 budget provides enhanced support for Missouri's colleges and universities to prepare students for success in the 21st century.

Governor Holden outlined his higher education priorities in an address at the Governor's Conference on Higher Education on December 7, 2000. The Governor stressed the need to increase the rates of Missourians attending college, the importance of promoting affordability of higher education, the need to improve performance at the K-12 levels by promoting teacher education and certification, and the importance of life sciences research to benefit citizens and advance the state's economy.

The state faces a particularly challenging situation in Fiscal Year 2002. The combination of a slowing economy, tax cuts, and tax credit programs with higher than expected costs have increased pressure on state resources. In response, Governor Holden has cut state agency budgets to improve efficiency and more narrowly focus state government responsibilities. However, the public colleges and universities were essentially exempted from these cuts due to Governor Holden's commitment to maintaining our investment in higher education.

Whereas some departments will actually see their budgets shrink for Fiscal Year 2002, Governor Holden recommends a total of \$1,168,037,027 in support of students and our colleges and universities, a 2.2 percent increase over ongoing Fiscal Year 2001 appropriations. The Governor's recommendations include initiatives focused on the use of information technology to promote higher education such as the Common Library Platform, the Missouri Learners' Network, the Missouri Research and Education Network, and funding for campus technology investments. Also, additional funding is provided to complete the final year of mission review and enhancement for four-year colleges and universities, to provide support for statewide student assistance programs, and to maintain Missouri's membership in the Midwest Higher Education Commission.

BUILDING AND ENHANCING INFORMATION TECHNOLOGY RESOURCES

Common Library Platform: Governor Holden recommends \$1,299,077 in Fiscal Year 2002 for the Common Library Platform, a state/institutional partnership that allows students and faculty in Missouri to access approximately \$1 billion worth of library books and materials owned by the public and independent colleges and universities in Missouri. Fifty institutions originally created the Missouri Bibliographic and Information User System (MOBIUS-see <http://mobius.missouri.edu>), a consortium to oversee administration of the system. The University of Missouri administers and operates the shared system that officially began operation in January 1999. Twenty-one of the 49 participating institutions are currently operational on the Common Library Platform. The holdings of 9 more institutions are presently in the process of being added to the common catalog, and the remaining 19 institutions will be added by July 2002. All participating institutions are presently served by a daily interlibrary loan delivery system. Approximately ten million volumes can presently be accessed and borrowed by patrons at any of the member colleges and universities through MOBIUS and the interlibrary loan program.

Missouri Learners' Network: Governor Holden recommends \$50,000 in one-time funding for Fiscal Year 2002 to support the Missouri Learners' Network (MLN). The MLN is a voluntary, collaborative project among Missouri postsecondary institutions designed to provide a single web access point to distance learning opportunities in Missouri. The MLN web site (<http://www.oseda.missouri.edu/special/mln>) is an electronic catalog of postsecondary, off-campus, credit courses and programs offered by all of Missouri's public two- and four-year colleges and universities, most of the state's independent institutions, and several proprietary and career schools. The MLN shares information and promotes educational opportunities provided by participating institutions for educational programs, courses, and learner services. The Missouri Department of Higher Education recently established an affiliation agreement with the Missouri National Guard that seeks to bring together the information resources and institutional connections of the MLN and the educational and distance learning goals of the Missouri National Guard.

Missouri Research and Education Network: Governor Holden recommends \$1,661,250 of one-time funding in Fiscal

Year 2002 for the Missouri Research and Education Network (MOREnet) to continue to provide a stable, consistent, and reliable network and to sustain current MOREnet services in the face of multiplying demands. MOREnet is a network that provides Internet connectivity for Missouri's higher education institutions, elementary and secondary education school districts, public libraries, state agencies, and community information networks. MOREnet provides high-speed data connections including comprehensive Internet access, licensed on-line reference resources, and interactive video service capability. Extensive training and technical support services are provided to network participants, particularly the smaller school and library districts that do not have in-house technical staff. The Department of Higher Education, Department of Elementary and Secondary Education, and the Missouri State Library actively participate in policymaking and strategic planning for MOREnet. Collaboration among agency sponsors enables the entire Missouri research and education community to benefit from the knowledge and skill of professional staff, to leverage buying power in contracting with telecommunications providers, and to exploit the diversity of the network's resources to the advantage of all. The MOREnet web site is located at <http://www.more.net>.

Campus Technology Investments: Governor Holden recommends \$4,375,000 in one-time funding for Fiscal Year 2002 for investments in information technology at Missouri's public higher education institutions. Among Missouri's public higher education institutions, \$2,750,000 is recommended for the four-year colleges and universities, and \$1,625,000 is recommended for the community colleges and Linn State Technical College. This initiative will allow institutions to make progress in providing faculty, staff, and students with access to over 2,000 state-of-the-art, networked computers.

IMPROVING ACADEMIC PROGRAMS

Mission Review: Each of Missouri's colleges and universities is establishing a unique role in our system of higher education. Senate Bill 340 (1995) required the Coordinating Board to establish a review cycle for public higher education institutions to ensure their missions accurately reflect the needs of students, employers, and the state; and that funding is available for new or expanded programs central to those missions. This review offered the opportunity for our institutions to sharply focus their missions and thereby provide Missourians with better instructional and research programs.

Governor Holden recommends funding for the four colleges and universities that are currently in the mission review cycle (Truman State University, Lincoln University, University of Missouri, and Harris-Stowe State College). Funding of \$17,842,170 will improve program access; create new high-wage, high-demand programs; and provide better equipment and facilities at Missouri institutions. With this recommendation, the mission enhancement cycle will have been completed, with ongoing funding of \$106,247,823 added to the institutions' budgets as shown in the table below:



ASSISTING STUDENTS

Missouri College Guarantee Program: The Missouri College Guarantee Program provides scholarships based on financial need to Missouri students who meet specified academic standards. The program is designed to serve Missouri's neediest students regardless of institutional choice. Governor Holden recommends an additional \$1,925,000 of one-time funding for the program, which should provide scholarships for over 750 students during the 2001-2002 school year.

Student Grants Program: Governor Holden recommends an additional \$825,000 of one-time funding to provide grants to over 550 students during the 2001-2002 school year.

Marguerite Ross Barnett Scholarship Program: Governor Holden recommends an additional \$50,000 in one-time funding to provide scholarships for approximately 30 students during the 2001-2002 school year.

GEAR UP Statewide Initiatives: Governor Holden recommends \$1,504,612 for college preparation activities for participating students through comprehensive mentoring, counseling, outreach, and other support services. The goal of GEAR UP is to promote equal access to educational excellence through partnership efforts on behalf of low-income, under-represented students. These activities ensure that targeted students have access to rigorous courses that prepare them for college. Twenty Missouri middle schools with more than 3,000 sixth grade students will participate in this program.

Missouri Student Assistance Resource Services: Governor Holden recommends \$1,781,429 to promote the integration of Missouri Student Assistance Resource Services (MOSTARS) programs, activities, and services. MOSTARS has responsibility for several student assistance programs, including early awareness and outreach, consumer information and protection, administration of state student financial assistance programs, and the Federal Family Education Loan Program. This increase will enable MOSTARS to enhance the current organizational structure, management, and delivery of services to serve its institutional and student clients better.

PROMOTING INTERSTATE COOPERATION ON HIGHER EDUCATION ISSUES

Midwestern Higher Education Commission: Governor Holden recommends an increase of \$7,500 in Fiscal Year 2002 for the Midwestern Higher Education Commission (MHEC), bringing total funding to \$82,500. MHEC is charged with promoting interstate cooperation and resource sharing in higher education. Missouri's participation in MHEC builds partnerships with other states that work to assure access, quality and efficiency for the Missouri higher education system. As a member of MHEC, Missouri participates in the Midwest Student Exchange Program (MSEP), which enables residents of member states to enroll in designated institutions and programs at reduced tuition levels outside of their home state. A total of 17 Missouri institutions are expected to participate in MHEC in Fiscal Year 2002.

LOTTERY PROCEEDS FOR EDUCATION

During Fiscal Year 2002, \$164.6 million will be available from lottery revenues for education. Of this amount, \$154.5 is from anticipated Fiscal Year 2002 revenues. The remaining \$10.1 million is from revenues generated but not expended during prior fiscal years. The Governor recommends allocating estimated lottery revenues as follows:

ONGOING BUDGET

ELEMENTARY AND SECONDARY EDUCATION

• *	Character Education	\$ 994,998
• *	A+ Schools	1,128,000
•	Safe Schools/Alternative Schools	4,000,000
• *	Safe Schools/Alternative Schools	1,050,000
•	Advanced Placement/Dual Credit	500,000
• *	Advanced Placement/Dual Credit	360,048
• *	Excess Costs	175,488
•	Read to Be Ready	6,700,000
•	Information Technology Grants	500,000
•	Transportation	54,747,609
•	Special Education	3,762,000
• *	Gifted	198,351
•	Research Contract	110,880
•	Early Grade Literacy	145,000
•	State Schools Operating Maintenance and Repair	370,000
•	Vocational Rehabilitation	1,400,000
•	Minority Scholarships	200,000
•	Scholars Academy	158,156
•	Test Development	686,073
• *	Test Development	188,248
	SUBTOTAL	\$ 77,374,851

HIGHER EDUCATION

•	Four-Year Institutions Operations	\$ 67,997,019
•	Four-Year Institutions Operating Maintenance and Repair	1,871,771
•	Four-Year Institutions MOSERS	3,312,126
•	Community Colleges Operations	4,037,572
•	Community Colleges Operating Maintenance and Repair	2,291,975
	SUBTOTAL	\$ 79,510,463

TOTAL ONGOING **\$ 156,885,314**

ONE-TIME BUDGET

• *	Technology Grants for Elementary and Secondary Schools	4,000,000
• *	Technology Training for Elementary and Secondary Teachers	2,500,000
• *	Elementary and Secondary School E-Government Initiatives	1,204,896
	TOTAL ONE-TIME	<u>\$ 7,704,896</u>

GRAND TOTAL ONGOING AND ONE-TIME **\$ 164,590,210**

* Increased funding

PERFORMANCE MEASURES

Table 1: Some performance measures the Department of Higher Education uses to evaluate the outcomes of higher education follow.

	FY 1998	FY 1999	FY 2000
Number of graduates of Missouri public institutions entering Missouri's workforce and average salaries			
Associate degree graduates	6,450	6,451	6,355
Average salary	\$18,023	\$19,755	\$21,651
Percent employed in Missouri	71%	75%	74%
Bachelor degree graduates	15,024	15,337	14,984
Average salary	\$22,834	\$24,956	\$27,277
Percent employed in Missouri	61%	62%	63%
Masters degree graduates	3,959	4,120	4,085
Average salary	\$33,268	\$36,496	\$40,036
Percent employed in Missouri	56%	60%	54%
Doctoral degree graduates	421	368	395
Average salary	\$41,653	\$49,908	\$54,073
Percent employed in Missouri	38%	38%	35%

Table 2: Some performance measures the Department of Higher Education uses to evaluate the performance of the state postsecondary technical education delivery system follow.

	FY 1997	FY 1998	FY 1999
Number of geographic accessibility points of postsecondary technical education within community college service regions	46	68	73
Number of students completing certificates, diplomas, and degrees from targeted technical programs in postsecondary technical education programs	1,071	1,373	1,297
Percentage of community college vocational education program graduates employed in a related field	76%	76%	78%
Percentage of associate degree recipients who received pass scores on licensure, certification, or a registration exam that is scored pass/fail	85%	90%	84%
Percentage of certificate completers who received pass scores on licensure, certification, or a registration exam that is scored pass/fail	91%	94%	84%
Placement rate for vocational education graduates of Linn State Technical College	97%	97%	98%

Table 3: Some performance measures the Department of Higher Education uses to evaluate the readiness of students to perform college-level work follow.

	FY 1998	FY 1999	FY 2000
Ratio of elementary and secondary education students per computer	6.7:1	4.8:1	4.2:1
Ratio of elementary and secondary education students to Internet-connected computers	14.0:1	8.6:1	6.6:1
Percentage of elementary and secondary education classrooms with Internet access	56%	74%	82%
Percentage of Missouri high school graduates entering public four-year institutions that have completed the CBHE recommended high school core curriculum (full-time students only)	92%	93%	93%
Missouri ACT composite score of all ACT-tested seniors	21.5	21.6	21.6
National ACT composite score of all ACT-tested seniors	21.0	21.0	21.0
Missouri math sub-scale scores for ACT-tested seniors	21.0	20.9	21.0
Missouri science reasoning sub-scale scores for ACT-tested seniors	21.6	21.5	21.6

Table 4: Some performance measures the Department of Higher Education uses to evaluate access to higher education follow.

Table 5: Some performance measures the Department of Higher Education uses to evaluate the impact of higher education follow.



HIGHER EDUCATION COORDINATION

This program includes the Commissioner of Higher Education, the general administrative staff, and the expenses of the Coordinating Board. Under direction of the Coordinating Board, the administrative staff review and coordinate the programs of approximately 70 public and private institutions of higher education. Staff also prepare the Coordinating Board's budget recommendations for public colleges, universities, and community colleges. Other program responsibilities include collecting and distributing student enrollment data and reviewing proposed new degree programs.

Fiscal Year 2002 Governor's Recommendations

- \$4,411 for pay plan.
- (\$28,267) and (2.35) staff in core reduction from the Fiscal Year 2001 appropriation level.

PROPRIETARY SCHOOL REGULATION

Sections 173.600 through 173.618, RSMo provide for the regulation of proprietary schools operating in the state of Missouri. The Coordinating Board is charged with the authority to issue, revoke, or suspend certificates of approval ensuring that proprietary schools meet minimum state standards; place schools on probation; require each school to file a security bond; and collect data from certified proprietary schools.

Fiscal Year 2002 Governor's Recommendations

- \$840 for pay plan.

MIDWEST HIGHER EDUCATION COMMISSION

The Midwest Higher Education Commission is a consortium of states that work together on student exchange agreements, higher education research and policy development, and cost saving programs in which Missouri institutions may participate. Membership in the organization requires payment of annual dues.

Fiscal Year 2002 Governor's Recommendations

- \$7,500 for increase in membership dues.

MISSOURI LEARNERS' NETWORK

The Missouri Learners' Network is a voluntary, collaborative project among Missouri postsecondary institutions designed to provide a single web access point to distance learning opportunities in Missouri. The MLN web site features an electronic catalog of postsecondary, off-campus, credit courses and programs offered by all of Missouri's public two- and four-year colleges and universities, most of the state's independent institutions, and several proprietary and career schools.

Fiscal Year 2002 Governor's Recommendations

- \$50,000 to support a single web access point for information about technology-mediated courses and programs for college credit.

CONTRACTING FOR ACADEMIC PROGRAMS

The Coordinating Board is authorized by statute to contract with public or independent colleges and universities or with other states to assure that Missouri students have access to professional programs that are not widely available in Missouri institutions. This arrangement carries substantially lower costs than establishing and seeking accreditation of such programs at public institutions. The current program provides access for students studying architecture at Kansas State University and the University of Kansas at in-state tuition rates. In addition, partial reimbursement for waived out-of-state tuition is provided to the University of Missouri-Kansas City Dental School and University of Missouri-St. Louis Optometry School as part of a reciprocal arrangement with the Kansas Board of Regents. A five-year agreement signed in 1991 and renegotiated in 1996 provides that 491 Missouri students, based on academic promise and financial need, may receive waivers for attendance at Kansas public university architecture programs.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

COMMON LIBRARY PLATFORM

The Common Library Platform is an example of a state/institutional partnership that will allow academic libraries to share approximately \$1 billion worth of library books and materials owned by the public and independent colleges and universities in Missouri. The University of Missouri serves as the host site to administer and operate the shared system hardware and software.

Fiscal Year 2002 Governor's Recommendations

- \$1,299,077 for ongoing operations.
- (\$3,401,845) core reduction for one-time expenditures.

STATE ANATOMICAL BOARD

Sections 194.120 through 194.180, RSMo authorize the State Anatomical Board to collect and distribute human cadavers to qualified medical schools. Expenditures consist of fixed stipends for officers of the board and per capita stipends for doctors with the responsibility for receipt and distribution of bodies. Participating schools pay a per student assessment of 50 cents which is deposited in general revenue.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

FEDERAL EDUCATION PROGRAMS

The existing Dwight D. Eisenhower Mathematics and Science Education Program provides federal funds for the

improvement of science and mathematics instruction in grades K-12. Sixteen percent of Missouri's allocation is awarded to the state higher education agency based on a competitive review process. The funds are used to improve the content of courses and the pedagogy of teachers, and ultimately, the learning of students in mathematics and science.

In addition, federal funds are available for the School-to-Work Initiative. This project is designed to enable Coordinating Board staff to provide assistance to Missouri's community careers system, which engages in research, assistance, planning, and technical assistance for local School-to-Work partnerships.

The Department of Higher Education has been awarded a federal GEAR UP grant that will help improve the educational attainment of Missouri citizens by providing early college preparation and awareness activities to participating students through comprehensive mentoring, counseling, outreach, and other support services. These activities promote equal access to educational excellence through partnership efforts on behalf of low-income, underrepresented students, and ensure that targeted students have access to rigorous courses that prepare them for college. Twenty Missouri middle schools with more than 3,000 sixth grade students will participate.

Fiscal Year 2002 Governor's Recommendations

- \$1,504,612 federal funds and 6.5 staff for the GEAR UP Program.
- \$420 federal funds for pay plan.
- (\$2,013,064) federal funds core reduction from the Fiscal Year 2001 appropriation level.

STUDENT FINANCIAL AID - MOSTARS

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	FY 2002 REQUEST	GOVERNOR RECOMMENDS FY 2002
MOSTARS GRANTS AND SCHOLARSHIPS				
Administration	\$ 466,462	\$ 492,653	\$ 506,309	\$ 417,207
Academic Scholarship Program	15,637,000	15,787,000	15,787,000	15,787,000
Gallagher Grant Program	15,833,195	16,628,436	18,128,436	17,453,436
Public Service Survivor Grant Program	26,669	45,000	45,000	45,000
Vietnam Veterans Survivors Scholarship Program	7,308	15,000	15,000	15,000
Marguerite Ross Barnett Scholarship Program	500,000	500,000	750,000	550,000
Bridge Scholarship Program	2,200,000	0	0	0
Missouri College Guarantee Program	2,700,000	4,900,000	4,900,000	1,925,000
Advantage Missouri Program	2,930,969	2,930,969	4,680,969	2,930,969
MISSOURI STUDENT LOAN PROGRAM				
Administration	7,981,284	9,526,602	14,479,669	14,115,747
Federal Loan Compliance	0	0	4,000,001	4,000,001
Federal Student Loan Reserve Fund	33,878,904	85,000,000	85,000,000	85,000,000
DIVISIONAL TOTAL	\$ 82,161,791	\$ 135,825,660	\$ 148,292,384	\$ 142,239,360



* Does not include \$3,500,001 recommended in the Fiscal Year 2001 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding Department of Higher Education supplemental appropriations.

MOSTARS (Missouri Student Assistance Resource Services) is the Coordinating Board's "one-stop shop" for student financial assistance. The various programs and services offered by MOSTARS provide access to higher education for those in financial need and encourage Missouri's top academic achievers to attend Missouri institutions. The MOSTARS staff administers seven state and federal student financial aid programs, through which approximately

100,000 eligible students receive grants, scholarships, and loans totaling over \$415 million annually.

ADMINISTRATION OF GRANT AND SCHOLARSHIP PROGRAMS

Administration of the grant and scholarship programs includes determining an applicant's eligibility for a grant, determining the amount of individual grants, issuing checks, and monitoring school financial aid offices for compliance with program requirements.

Fiscal Year 2002 Governor's Recommendations

- \$1,261 for pay plan.
- (\$76,707) and (1.6) staff in core reduction from the Fiscal Year 2001 appropriation level.

ACADEMIC SCHOLARSHIP PROGRAM

The Academic Scholarship ("Bright Flight") Program provides \$2,000 scholarships for Missouri high school graduating seniors scoring in the top three percent of all Missouri students taking either the American College Test (ACT) or the Scholastic Aptitude Test (SAT) of the College Board. The students must use the scholarship to attend a Missouri college or university. The scholarships are renewable up to a total of ten semesters. An estimated 8,100 students will be awarded scholarships in Fiscal Year 2002.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

CHARLES E. GALLAGHER GRANT PROGRAM

The Charles E. Gallagher Student Financial Assistance (Missouri Student Grants) Program provides non-repayable grants to eligible Missouri postsecondary students who may receive grants up to a maximum of ten semesters based on the lesser of: (a) demonstrated financial need; (b) one-half the tuition and fees of the previous year; or (c) \$1,500.

Fiscal Year 2002 Governor's Recommendations

- \$825,000 in one-time funding to increase available grants.

PUBLIC SERVICE SURVIVOR GRANT PROGRAM

The Public Service Survivor Grant Program provides educational benefits to the children and spouses of certain public employees killed or permanently and totally disabled in the line of duty. An eligible child, up to the age of 24, or an eligible spouse may receive a grant to enroll in a program leading to a certificate, associate degree, or baccalaureate degree at an approved public or private postsecondary institution. The grant may not exceed the amount paid in tuition by a full-time undergraduate Missouri resident at the University of Missouri.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

VIETNAM VETERANS SURVIVORS SCHOLARSHIP PROGRAM

The Vietnam Veterans Survivors Scholarship Program, authorized by Section 173.236, RSMo, provides educational benefits to the spouse or child of a veteran of the Vietnam War whose death was caused by exposure to toxic chemicals. The maximum award may not exceed the amount of tuition and/or fees paid by a part-time undergraduate Missouri resident at the University of Missouri.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

MARGUERITE ROSS BARNETT SCHOLARSHIP PROGRAM

The Marguerite Ross Barnett Scholarship Program provides grants to part-time undergraduate students who are employed and compensated for at least 20 hours per week and who have financial need. The maximum award may not exceed the amount of tuition and/or fees paid by a part-time undergraduate Missouri resident at the University of Missouri.

Fiscal Year 2002 Governor's Recommendations

- \$50,000 in one-time funding to increase available scholarships.

MISSOURI COLLEGE GUARANTEE PROGRAM

The Missouri College Guarantee Program provides scholarships based on financial need to students that meet specified academic standards. The program is designed to serve Missouri students most in need regardless of institutional choice.

Fiscal Year 2002 Governor's Recommendations

- \$1,925,000 in one-time funding to increase available scholarships.
- (\$4,900,000) core reduction from the Fiscal Year 2001 appropriation level.

ADVANTAGE MISSOURI PROGRAM

The Advantage Missouri Program is a loan and loan forgiveness program designed to address workforce needs in high demand occupations. Students enrolling in an academic program in an occupational field of high demand may apply for a loan that will forgive one year of the loan for each year the student works in Missouri in that specified field.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

MISSOURI STUDENT LOAN PROGRAM AND ADMINISTRATION

The Missouri Student Loan Program provides repayable loans to parents and students through commercial lending institutions. Since its inception in 1979, the program has guaranteed approximately 1.4 million loans totaling over \$4 billion. In Fiscal Year 2002, approximately 450 lending institutions will participate in loaning funds to about 102,000 applicants attending more than 220 eligible institutions.

The Missouri program uses outside contractors to process and service its loans. The MOSTARS staff administers activities including outreach service to students, schools, and lenders; the administration of the Administrative Wage Garnishment and Automated Transfer of Money programs; general loan program administration; and functions necessary to oversee contractor services and ensure compliance with state and federal statutes.

Fiscal Year 2002 Governor's Recommendations

- \$4,000,000 guaranty agency operating fund on an open-ended basis to pay collection agency fees.
- \$1,781,429 guaranty agency operating fund for 12 staff, a salary upgrade for the MOSTARS Director and a contract to integrate core student financial assistance functions and services.
- \$1,500,000 guaranty agency operating fund to increase the student loan aversion services contract for the Missouri Student Loan Program.
- \$1,298,199 U.S. Department of Education interest account fund on an open-ended basis to expand student loan

default prevention and early awareness activities.

- \$1 guaranty agency operating fund on an open-ended basis to pay any penalties owed to the federal government due to a new federal requirement that all default collections be deposited in the federal loan account within 48 hours of payment.
- \$9,517 guaranty agency operating fund for pay plan.

AID TO PUBLIC COMMUNITY COLLEGES

The budget recommendations for Missouri public community colleges are based on the recommendations developed by the Coordinating Board. The 12 institutions (17 campuses) eligible to receive state aid are: Crowder College in Neosho; East Central College in Union; Jefferson College in Hillsboro; Metropolitan Community College - four campuses in the Kansas City area; Mineral Area College in Park Hills; Moberly Area Community College in Moberly; North Central Missouri College in Trenton; Ozarks Technical Community College in Springfield; St. Charles County Community College in St. Peters; St. Louis Community College - three campuses in St. Louis City and County; State Fair Community College in Sedalia; and Three Rivers Community College in Poplar Bluff.

The Coordinating Board formula recommendations are calculated based on formula components representing major program classifications of expenditures. The Coordinating Board recommends various inflation factors that are applied to the components. For Fiscal Year 2002, these policy factors are: compensation - four percent; expense and equipment - four percent; library acquisitions - four percent; fuel and utility costs - actual expected increases; and scholarship costs - four percent. The sum of the formula components produces a total recommended expenditure level for each institution.

For Fiscal Year 2002, the Coordinating Board recommends funding of \$171,122,643 for community colleges, an increase of 12.7 percent over Fiscal Year 2001 ongoing appropriations. The following table summarizes the Fiscal Year 2002 increases recommended by the Coordinating Board.

Fiscal Year 2002 Increases for Public Community Colleges Recommended by the Coordinating Board

- Inflationary Increases	\$ 4,217,176
- Maintenance and Repair	1,438,403
- Funding for Results-Statewide Measures	3,386,746
- Funding for Results-Campus-based Projects	73,469
- Campus Technology Infrastructure	3,181,723
- Base Adjustment - St. Charles Community College and Three Rivers Community College	307,993
- Out-of-District Inflation	54,823
- Workforce Preparation Inflation	792,844
- Postsecondary Technical Education Inflation	1,000,000
- Targeted Service Initiatives	<u>4,820,000</u>
TOTAL	<u>\$ 19,273,177</u>

FINANCIAL SUMMARY



Fiscal Year 2002 Governor's Recommendations

- \$1,590,861 for one-time investments in information technology.
- (\$435,000) core reduction from the Fiscal Year 2001 appropriation level.

LINN STATE TECHNICAL COLLEGE

Senate Bill 101 (1995) established Linn State Technical College. Much work has been done to bring programs and operations to a level that would be commonly expected of a state-supported higher education institution for vocational technical training. The Coordinating Board's recommendation for Fiscal Year 2002 includes inflationary increases (\$386,799), mission enhancement/program development (\$445,000), Funding for Results (\$150,814), maintenance and repair (\$214,267), and campus technology infrastructure (\$68,277), totaling \$1,265,157, a 24.3 percent increase over the Fiscal Year 2001 ongoing appropriations.

Fiscal Year 2002 Governor's Recommendations

- \$34,139 for one-time investments in information technology.
- (\$300,000) core reduction for one-time expenditures.

PUBLIC FOUR-YEAR INSTITUTIONS OF HIGHER EDUCATION

The budget recommendations for Missouri's ten public, four-year institutions of higher education are based on the recommendations developed by the Coordinating Board. Missouri's public, four-year institutions of higher education include: (a) the comprehensive universities - Central Missouri State University at Warrensburg, Southeast Missouri State University at Cape Girardeau, Southwest Missouri State University at Springfield, and Northwest Missouri State University at Maryville; (b) the three state colleges - Missouri Southern State College at Joplin, Western State College at St. Joseph, and Harris-Stowe State College at St. Louis; (c) the state liberal arts university - Truman State University at Kirksville; and (d) the land grant universities - Lincoln University at Jefferson City and the University of Missouri. Truman, Lincoln, and the comprehensive universities offer both graduate and undergraduate programs. The state colleges offer undergraduate programs. The programs of the University of Missouri include the operations of the University of Missouri campuses at Columbia, Kansas City, Rolla, and St. Louis. The University of Missouri offers undergraduate, graduate, professional degrees, and comprehensive research and public services activities.

The Coordinating Board recommendations are calculated based on formula components representing major program classifications of expenditures increased by inflation factors. For Fiscal Year 2002, these policy factors are: compensation - three and one half percent; expense and equipment - three and one half percent; library acquisitions - three and one half percent; fuel and utility costs - actual expected increases; and student aid - three and one half percent.

The total Coordinating Board recommendation for four-year institutions is \$894,567,826, an increase of 13 percent above the Fiscal Year 2001 appropriation level. The following table summarizes the Fiscal Year 2002 increases recommended for four-year institutions by the Coordinating Board.

Fiscal Year 2002 Increases for Public Four-Year Institutions Recommended by the Coordinating Board

- Inflation/Policy Factors	\$ 51,464,061
- Funding for Results-Statewide Measures	14,404,294
- Funding for Results-Campus-based Projects	341,061
- Maintenance and Repair	9,961,206
- Mission Enhancement	17,842,170
- Campus Technology Infrastructure	5,500,000
- Base Adjustment – Southwest Missouri State University	1,944,835
- Statewide Public Affairs Campus Compact	216,800
- UMKC Medical School	<u>1,500,000</u>
TOTAL	<u>\$ 103,174,427</u>

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	FY 2002 REQUEST	GOVERNOR RECOMMENDS FY 2002
Central Missouri State University	\$ 57,194,340	\$ 61,700,221	\$ 67,351,052	\$ 61,976,808
Harris-Stowe State College	9,442,226	10,598,759	12,367,811	11,293,849
Lincoln University	16,646,134	18,478,437	20,552,177	19,292,068
Missouri Southern State College	20,349,540	21,396,501	23,941,371	21,502,256
Missouri Western State College	20,876,979	21,906,789	24,267,689	22,041,901
Northwest Missouri State University	28,780,370	32,212,737	35,757,686	32,355,387
Southeast Missouri State University	46,582,089	50,453,036	55,499,262	50,443,007
Southwest Missouri State University	83,021,879	87,321,416	99,170,966	87,652,772
Truman State University	<u>41,608,526</u>	<u>45,347,660</u>	<u>51,919,989</u>	<u>46,942,769</u>
Subtotal	324,502,083	349,415,556	390,828,003	353,500,817
University of Missouri	<u>407,245,720</u>	<u>442,027,843</u>	<u>503,739,823</u>	<u>457,940,615</u>
TOTAL	\$ 731,747,803	\$ 791,443,399	\$ 894,567,826	\$ 811,441,432
General Revenue Fund	658,721,907	718,262,483	821,386,910	738,260,516
Lottery Proceeds Fund	<u>73,025,896</u>	<u>73,180,916</u>	<u>73,180,916</u>	<u>73,180,916</u>

Fiscal Year 2002 Governor's Recommendations

- \$17,842,170 for mission enhancements at public four-year institutions:
 - \$15,000,000 for the University of Missouri.
 - \$1,440,000 for Truman State University.
 - \$741,680 for Lincoln University.
 - \$660,490 for Harris-Stowe State College.
- \$2,750,000 for one-time investments in information technology.
- (\$544,137) core reduction from the Fiscal Year 2001 appropriation level.
- (\$50,000) core reduction for one-time expenditures.

UNIVERSITY OF MISSOURI - RELATED PROGRAMS

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	FY 2002 REQUEST	GOVERNOR RECOMMENDS FY 2002
MOREnet	\$ 6,114,639	\$ 12,138,000	\$ 15,577,520	\$ 13,799,250
University Hospital and Clinics	9,205,143	9,679,635	12,566,820	9,679,635
Ellis Fischel Cancer Center	4,357,377	4,581,985	4,765,264	4,581,985
Missouri Rehabilitation Center	10,372,724	10,907,435	11,343,732	10,907,435
Missouri Institute of Mental Health	2,214,784	2,555,389	2,657,605	2,555,389
Missouri Kidney Program	4,244,303	4,463,082	4,891,605	4,463,082
State Historical Society	974,862	1,025,112	1,066,116	1,025,112
Alzheimer's Research Program	11,721	252,639	262,745	252,639
State Seminary Investments	2,084,686	1,750,000	1,500,000	1,500,000
State Seminary Income on Investments	211,248	275,000	250,000	250,000
UMSL School of Optometry	48,500	0	0	0
TOTAL	\$ 39,839,987	\$ 47,628,277	\$ 54,881,407	\$ 49,014,527
General Revenue Fund	37,544,053	45,603,277	53,131,407	47,264,527
State Seminary Fund	2,084,686	1,750,000	1,500,000	1,500,000
State Seminary Moneys Fund	211,248	275,000	250,000	250,000

The University of Missouri has administrative responsibility for a range of programs that are related to its institutional mission but not a part of the education and general operations: Missouri Research and Education Network (MOREnet), University Hospital and Clinics, Ellis Fischel Cancer Center, Missouri Rehabilitation Center, Missouri Institute of Mental Health, Missouri Kidney Program, the State Historical Society, Alzheimer's Research Program, and investments and interest from state seminary fund and state seminary moneys fund.

MISSOURI RESEARCH AND EDUCATION NETWORK (MOREnet)

MOREnet, which is an operational unit of the University of Missouri, operates a shared network infrastructure for elementary and secondary education, higher education, public libraries, and community information networks. This shared network infrastructure includes connections to the Internet and a statewide backbone with hubs to connect each site. It integrates voice, video, and data transmissions, as well as handles the ever-increasing demand for network capacity to conduct research.

Fiscal Year 2002 Governor's Recommendations

- \$1,661,250 for network infrastructure enhancements to sustain growth.

HOSPITAL AND CLINICS

The University of Missouri-Columbia operates a teaching facility for medical, nursing, and other health care field students. In addition, the facility provides inpatient care, outpatient care, and specialized medical services to both area residents and persons referred from throughout the state. The hospital budget includes costs associated with providing patient care and maintenance of the facility. Instructional and research activity costs are included in the university's general operating budget.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

ELLIS FISCHEL CANCER CENTER

The Ellis Fischel Cancer Center provides comprehensive medical treatment, conducts clinical research, and offers education to both health professionals and Missourians at large.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

MISSOURI REHABILITATION CENTER

The Missouri Rehabilitation Center provides medical treatment for traumatic brain injury, comprehensive rehabilitation services, pulmonary/ventilator rehabilitation, tuberculosis treatment, terminal and acute care, and outpatient services.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

MISSOURI INSTITUTE OF MENTAL HEALTH

The Missouri Institute of Mental Health, operated by the School of Medicine of the University of Missouri at Columbia, is a mental health research and teaching institute that provides educational and staff support to the Department of Mental Health. The institute conducts research into the basic causes of mental illness and methods for improved patient care and operates training programs for mental health professionals.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

MISSOURI KIDNEY PROGRAM

The Missouri Kidney Program enables Missourians with end-stage renal disease to obtain treatment. The program contracts with federally-approved dialysis centers and facilities and pays those costs of dialysis or kidney transplantation not paid by other sources such as Medicare, Medicaid, and private insurance. Patients' drugs, transportation expenses, and medical bills are paid by the program, along with the needed medical equipment and supply costs.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

STATE HISTORICAL SOCIETY

The State Historical Society of Missouri is directed by statute to collect, preserve, publish, and make accessible those materials that pertain to the history of Missouri and western America. The staff conduct research projects, publish the quarterly Missouri Historical Review, and produce other publications.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

ALZHEIMER'S RESEARCH PROGRAM

The program funds research that will advance knowledge concerning Alzheimer's Disease and related disorders. Research awards are made by an advisory board to investigators in public or private educational, health care, and research institutions and other voluntary health associations.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

STATE SEMINARY FUND INVESTMENTS AND INTEREST ON INVESTMENTS


The state seminary fund consists of the proceeds of the sale of land donated to the state, proceeds from a direct tax received from the United States, the James S. Rollins scholarship fund, and others. Income from the state seminary moneys fund is given to the University of Missouri as required by Article IX, Section 6, Missouri Constitution, and by Chapter 172.610, RSMo.

Fiscal Year 2002 Governor's Recommendations

- (\$275,000) other funds core reduction from the Fiscal Year 2001 appropriation level.

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FY 2002 EXECUTIVE BUDGET

DEPARTMENT OF INSURANCE

FINANCIAL SUMMARY



* Does not include \$148,077 recommended in Fiscal Year 2001 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding the Department of Insurance supplemental appropriations.

POLICY SUMMARY

Governor Holden's budget for Fiscal Year 2002 includes a total of \$14.1 million for the Department of Insurance to provide oversight of the insurance industry and protect Missouri consumers. By promoting a competitive marketplace and regulating the insurance industry, the department helps to ensure affordable insurance is available to Missourians. The department investigates consumers' complaints to protect them from deceptive sales practices. Educational presentations, rate comparison guides, and other department publications provide information consumers can use to make informed insurance purchasing decisions.

PROTECTING MISSOURIANS

SB 894 (2000) significantly revised Missouri's Title Insurance Act. These revisions will help ensure that title insurance policies are written using sound accounting and actuarial practices. The act requires insurers to provide information to consumers about what is, and is not, covered by the policy. In addition, the act establishes mandatory continuing education requirements for all licensed agents, helping to ensure they are knowledgeable about title insurance. The Department of Insurance must approve premiums, helping to ensure rates are fair. The Governor recommends \$234,074 to implement SB 894.

SB 896 (2000) creates a license for organizational credit agencies and allows those agencies to appoint employees to be licensed agents, streamlining the licensing process. The bill also holds the agency responsible for compliance with state regulations. It is anticipated that there will be an increase in the number of agents allowed to sell credit insurance. The Governor recommends \$55,856 to implement SB 896.

Some performance measures the Department of Insurance uses to evaluate the availability and affordability of insurance for Missouri consumers follow:

	FY 1997	FY 1998	FY 1999
Percentage of Missourians (non-elderly) with health insurance	85.3%	87.9%	90.4%
Amount recovered for consumers over disputed claims (millions)	\$5.6	\$6.6	\$8.8
CLAIM program recoveries for Missouri seniors	\$388,276	\$363,433	\$330,202
Missouri versus nationwide premiums paid to claims paid for:			
workers compensation insurance *	-1.8%	-8.2%	-1.5%
all property and casualty lines *	-3.0%	-2.7%	-2.2%
all accident and health lines *	+0.10%	+1.5%	+0.8%

* Negative number indicates Missouri has a better rate than the national average.

Fiscal Year 2002 Governor's Recommendations

- \$234,074 other funds and 3.5 staff to implement the Title Insurance Act, SB 894 (2000).
- \$55,856 other funds and one staff to license credit agencies as required by SB 896 (2000).
- \$47,355 other funds for pay plan.
- (\$17,760) other funds for one-time expenditures.

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FY 2002 EXECUTIVE BUDGET

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	FY 2002 REQUEST	GOVERNOR RECOMMENDS FY 2002
Department Administration	\$ 15,836,393	\$ 21,334,331	\$ 22,178,502	\$ 20,895,806
Industrial Commission	757,931	891,693	903,093	896,370
Division of Labor Standards	2,245,299	3,199,282	3,569,511	3,311,429
Governor's Council on Disability	925,567	2,503,220	4,793,571	4,646,131
State Board of Mediation	145,767	178,213	180,454	161,022
Commission on Human Rights	1,935,517	2,303,328	2,617,757	2,230,736
Division of Workers' Compensation	40,969,440	41,150,806	45,943,121	45,288,038
Division of Employment Security	30,923,360	43,929,184	47,553,936	46,801,553
DEPARTMENTAL TOTAL	\$ 93,739,274	\$ 115,490,057 *	\$ 127,739,945	\$ 124,231,085
General Revenue Fund	4,333,155	5,440,285	5,940,926	4,933,418
Federal Funds	45,286,517	61,626,116	69,870,959	68,257,282
Deaf Relay Service and Equipment				
Distribution Program Fund	0	1,692,447	2,672,258	2,655,014
Workers' Compensation Fund	10,658,726	12,778,144	14,439,103	13,587,615
Second Injury Fund	28,189,696	25,000,000	28,000,000	28,000,000
Crime Victims' Compensation Fund	4,573,879	5,078,425	5,116,699	5,097,187
Child Labor Enforcement Fund	91,590	200,000	200,000	200,000
Special Employment Security Fund	605,711	3,674,640	1,500,000	1,500,569
Full-time equivalent employees	1,077.28	1,314.27	1,332.27	1,314.27

* Does not include \$2,160 recommended in Fiscal Year 2001 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding the Department of Labor and Industrial Relations supplemental appropriations.

POLICY SUMMARY

The Department of Labor and Industrial Relations provides employees with safe and healthy workplaces to ensure economic security for all Missourians. The department fulfills its mission by promoting equal access to jobs, enforcing anti-discrimination laws, and awarding payment of compensation to those unemployed, injured at work, and victims of crime.

Improving Workplace Safety: The Department of Labor and Industrial Relations' safety and health programs benefit Missouri's small business employers and mine operators. By removing or controlling identified safety and health hazards in the workplace, employers can expect savings resulting from fewer lost workdays, improved productivity, increased worker morale, lower workers' compensation and medical costs, and from lower Occupational Safety and Health Administration (OSHA) fines and litigation. The cost savings that result from

controlling safety and health hazards reduces workers' compensation premium costs and improves employee productivity, product quality, and job satisfaction.

Some of the performance measures the Department of Labor and Industrial Relations uses to monitor its success in making workplaces safe for Missouri's employers and employees follow:

	FY 1998	FY 1999	FY 2000
Number of job-related accidents, illnesses, and fatalities	170,727	173,079	163,540
Amount of fines avoided by Missouri businesses (millions)	\$2.0	\$2.9	\$2.4*
<i>*In 2000 OSHA/MSHA (Mine Safety Health Administration) decreased the average dollar fine per hazard</i>			

Improving Worker's Compensation: Although Missouri experienced a decrease in job-related accidents, illnesses, and fatalities in 2000, lost-time payments to injured workers were still a reality. The Department of Labor and Industrial Relations works to ensure that eligible employees receive benefits quickly, non-compliant employers are held accountable, and fewer injured workers are in need of public income support if they are unable to work. To continue the department's ability to provide assistance, Governor Holden recommends:

- \$3 million to enable prompt, accurate disbursements to claimants from the Second Injury Fund.
- \$118,377 for two additional fraud unit investigators, increased educational outreach, and enhanced surveillance capabilities.

Strengthening Missouri's Workforce: Missouri employees are part of the global economy. Certain industries are vulnerable to foreign competition. When unemployment results from plant closings due to trade conditions, the Department of Labor and Industrial Relations provides affected employees with assistance through the federally funded North American Free Trade Agreement (NAFTA) and the Trade Adjustment Assistance (TAA) programs. Expenditures consist of payments to individuals, including trade readjustment allowance payments and training allowances, transportation allowances, job search assistance payments, and relocation allowances. To provide workers the benefits they need to become re-employed, Governor Holden recommends:

- \$5 million for the Division of Employment Security to administer the NAFTA and TAA programs for individuals unemployed due to imports or other trade conditions.

Enhancing the Lives of Missourians with Disabilities: Access to telecommunications allows disabled Missourians to live independently. SB 721 (2000) expands the scope of the current telephone equipment distribution program to include assistive technology devices, such as hearing aids, text telephone, speech synthesizers, and Braille printers. Access to these items allows disabled persons to live independently by providing the needed devices that are critical to their health, safety, and employment. Further, SB 721 established a Low Interest Assistive Technology Loan Program. This program increases the number of Missourians who can purchase needed assistive technology and assists families who have disabled children with needed assistive technology, enabling children to remain in their homes. To ensure Missourians with disabilities continue to function independently, Governor Holden recommends:

- \$1 million for the deaf relay and equipment distribution fund to implement SB 721 (2000).

DEPARTMENT ADMINISTRATION

The Director's Office provides leadership and supervision in the areas of policy, operation, and interagency coordination/cooperation. Functions centralized within the Director's Office include: administrative services, data processing, facilities and maintenance, financial management, human resources, legislative and public relations,

research and analysis, telecommunications, legal, and fraud detection and investigation.

Fiscal Year 2002 Governor's Recommendations

- \$28,048 other funds and one staff to process expenses related to defending the second injury fund.
- \$3,022 federal funds for pay plan.
- \$1,114,583 transferred from the Office of Administration for fringe benefits, including \$42,406 general revenue.
- \$697,682 increased transfer to the administrative fund for costs related to in-state travel and the computer consolidation plan, including \$34,814 general revenue.
- \$233,431 increased transfer to the administrative fund for fringe benefits, including \$22,946 general revenue.
- \$148,568 increased transfer to the administrative fund for realignment of the federal cost allocation plan, including \$19,502 general revenue.
- \$120,000 other funds transferred from the Division of Workers' Compensation.
- \$50,392 transferred from the Industrial Commission, including \$25,520 general revenue.
- (\$1,679,073) other funds and (one) staff transferred to the Governor's Council on Disability.
- (\$767,808) other funds and (17) staff transferred to the Division of Workers' Compensation for the fraud and noncompliance unit.
- (\$174,030) and (one) staff in core reduction from the Fiscal Year 2001 appropriation level, including (\$2,706) general revenue.
- (\$90,296) federal funds transferred to the Division of Labor Standards to restore amounts reduced in Fiscal Year 2001.
- (\$57,118) federal funds for one-time expenditures.
- (\$52,552) other funds transferred to the Industrial Commission.
- (\$13,374) other funds transferred to the Office of Administration.

INDUSTRIAL COMMISSION

The three-member Labor and Industrial Commission reviews all appeals from all decisions and awards in workers' compensation, unemployment compensation, prevailing wage cases, and victims of crime compensation cases at the highest administrative level. The commission conducts hearings and renders written opinions pursuant to the provisions of the Missouri Administrative Procedure Act. The commission's opinions are subject to review by the judiciary.

Fiscal Year 2002 Governor's Recommendations

- \$52,552 other funds transferred from Department Administration for cost allocation realignment.
- \$3,150 for pay plan, including \$147 general revenue.
- (\$50,392) transferred to Department Administration for cost allocation, including (\$25,520) general revenue.
- (\$633) core reduction from the Fiscal Year 2001 appropriation level.

DIVISION OF LABOR STANDARDS

State statutes require the Division of Labor Standards to assure the safety and health of Missouri workers. To reduce deaths and disabling injuries, staff conducts regular and special on-site inspections of businesses, industries, and commercial mines and caves. To ensure compliance with statutory provisions governing wage

rates for public works projects, the division periodically surveys prevailing wage rates for laborers, mechanics, and other workers employed in the construction industry. The division conducts on-site inspections to assure compliance with Missouri's Child Labor Law. Also, the division provides training seminars for mine operators and miners. All miners, whether surface or underground, are required by federal law to complete a minimum number of hours in training before beginning work. The division provides on-site safety and health surveys to business and industrial facilities by qualified professional consultants to identify hazards and recommend means for eliminating them. Private employers are not charged for this service. The division performs these surveys upon employer requests.

Fiscal Year 2002 Governor's Recommendations

- \$19,980 federal funds for a replacement vehicle.
- \$11,487 for pay plan, including \$6,867 general revenue.
- \$90,296 federal funds transferred from Department Administration.
- (\$9,616) for one-time expenditures, including (\$3,190) general revenue.

GOVERNOR'S COUNCIL ON DISABILITY

The Governor's Council on Disability encourages statewide interest in the rehabilitation and employment of people with disabilities. The council works in cooperation with the President's Committee on Employment of People with Disabilities and with local committees and chapters to promote job opportunities for disabled persons.

Fiscal Year 2002 Governor's Recommendations

- \$1,000,000 other funds for the Assistive Technology Program per SB 721 (2000).
- \$19,600 federal funds for a replacement vehicle.
- \$3,927 for pay plan, including \$1,470 general revenue.
- \$1,679,073 other funds and one staff transferred from Department Administration for the Deaf Relay Equipment and Distribution Program.
- (\$500,000) for one-time expenditures.
- (\$35,000) and (one) staff in core reduction from the Fiscal Year 2001 appropriation level.
- (\$24,689) other funds transferred to Department Administration for cost allocation.

STATE BOARD OF MEDIATION

State law authorizes the Board of Mediation to mediate public utility labor disputes so that employers and union employees can settle disputes peacefully without strikes or lockouts. If direct mediation fails to settle a dispute, the board may appoint a public hearing panel to hear the dispute again and prepare a report and recommendations to the parties and the Governor for settlement. The board also has statutory authority to provide a forum where representatives from management and labor in the public sector may meet and where bargaining disputes may be heard impartially and equitably. In addition, public employees are permitted the right to vote for or against unionization through elections. The board is responsible for conducting and certifying the results of each election and for determining the majority representative status of public sector bargaining units.

Fiscal Year 2002 Governor's Recommendations

\$630 for pay plan.

- (\$17,821) core reduction from the Fiscal Year 2001 appropriation level.

MISSOURI COMMISSION ON HUMAN RIGHTS

The Missouri Commission on Human Rights works to ensure fair treatment for all Missourians regardless of their race, color, religion, national origin, ancestry, sex, disability, or age. The commission receives, investigates, and renders findings on complaints of discrimination in housing, employment, and public accommodations. The commission is also responsible for fostering good will among diverse groups through education and outreach.

Fiscal Year 2002 Governor's Recommendations

- \$10,805 for pay plan, including \$7,098 general revenue.
- (\$83,397) and (one) staff in core reduction from the Fiscal Year 2001 appropriation level.

DIVISION OF WORKERS' COMPENSATION

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	GOVERNOR RECOMMENDS FY 2002
Administration	\$ 7,230,437	\$ 8,938,229	\$ 10,073,571
Second Injury Benefits	28,189,696	25,000,000	28,000,000
Crime Victims' Administration	304,126	412,577	414,467
Crime Victims' Compensation Benefits	5,245,181	6,800,000	6,800,000
DIVISIONAL TOTAL	\$ 40,969,440	\$ 41,150,806	\$ 45,288,038
PERSONAL SERVICE			
Workers' Compensation Fund	6,069,617	7,664,455	8,181,202
Crime Victims' Compensation Fund	218,978	284,144	284,509
EXPENSE AND EQUIPMENT			
Federal Funds	0	50,002	50,001
Workers' Compensation Fund	995,849	1,054,164	1,674,284
Second Injury Fund	574,691	0	523,500
Crime Victims' Compensation Fund	85,148	101,560	101,559
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	76,978	115,747	115,747
Federal Funds	1,185,538	2,230,546	2,230,547
Workers' Compensation Fund	50,000	50,000	50,000
Second Injury Fund	27,615,005	25,000,000	27,476,500
Crime Victims' Compensation Fund	4,097,636	4,600,188	4,600,189
TOTAL	\$ 40,969,440	\$ 41,150,806	\$ 45,288,038
General Revenue Fund	76,978	115,747	115,747
Federal Funds	1,185,538	2,280,548	2,280,548
Workers' Compensation Fund	7,115,466	8,768,619	9,905,486
Second Injury Fund	28,189,696	25,000,000	28,000,000
Crime Victims' Compensation Fund	4,401,762	4,985,892	4,986,257
Full-time equivalent employees	148.65	168.75	187.75

ADMINISTRATION

The Division of Workers' Compensation processes all reports of job-related injuries and formal complaints filed under the Workers' Compensation Act. The division adjudicates disputed claims, supervises rehabilitation of seriously injured workers, helps develop safety programs, and investigates and approves applications by employers for self-insurance. The Missouri Worker Safety Program was merged with the Workers' Compensation Administration in Fiscal Year 1995.

Fiscal Year 2002 Governor's Recommendations

- \$350,732 other funds to replace computers.
- \$84,517 other funds and two staff to expand the fraud unit.
- \$48,050 other funds for replacement vehicles.
- \$33,800 other funds for additional fraud unit vehicles.
- \$4,818 other funds for increased fuel costs.
- \$26,828 other funds for pay plan.
- \$767,808 other funds and 17 staff transferred from Department Administration for the fraud unit.
- (\$124,390) other funds core reduction from the Fiscal Year 2001 appropriation level.
- (\$34,420) other funds for one-time expenditures.
- (\$22,401) other funds transferred to Department Administration for cost allocation.

SECOND INJURY BENEFITS

The second injury fund, as established in Section 287.220, RSMo, provides workers' compensation benefits for injured employees who have pre-existing permanent partial disabilities. The fund may also be used to cover expenses of an employee who was injured while working for an uninsured employer, or to compensate workers for lost wages from one job when they are injured while working at a second job.

Fiscal Year 2002 Governor's Recommendations

- \$3,000,000 other funds for increased claims payments.

CRIME VICTIMS' ADMINISTRATION

The Crime Victims' Administration Unit was established to investigate all claims by victims of crime which are filed with the division in order to determine eligibility under the statute and the amount of losses incurred. The unit fulfills these responsibilities by processing and investigating claims and awarding or denying compensation.

Fiscal Year 2002 Governor's Recommendations

- \$1,890 other funds for pay plan.

CRIME VICTIMS' COMPENSATION BENEFITS

The crime victims' compensation fund, established in Section 595.045, RSMo provides compensation to individuals who suffer financial loss as the result of a crime. Revenues are provided to the fund from fees assessed by the courts on individuals found guilty of violations of law.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

DIVISION OF EMPLOYMENT SECURITY

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	GOVERNOR RECOMMENDS FY 2002
Administration	\$ 24,444,948	\$ 36,254,544	\$ 36,420,984
Special Employment Security Fund	605,711	3,674,640	1,380,569
Employment and Training Payments	5,872,701	4,000,000	9,000,000
DIVISIONAL TOTAL	\$ 30,923,360	\$ 43,929,184	\$ 46,801,553
PERSONAL SERVICE			
Federal Funds	19,617,720	26,106,293	27,797,496
Special Employment Security Fund	0	100,000	100,569
EXPENSE AND EQUIPMENT			
Federal Funds	4,827,228	10,148,250	8,623,488
Special Employment Security Fund	593,631	3,574,638	1,280,000
PROGRAM SPECIFIC DISTRIBUTION			
Federal Funds	5,872,701	4,000,001	9,000,000
Special Employment Security Fund	12,080	2	0
TOTAL	\$ 30,923,360	\$ 43,929,184	\$ 46,801,553
Federal Funds	30,317,649	40,254,544	45,420,984
Special Employment Security Fund	605,711	3,674,640	1,380,569
Full-time equivalent employees	652.29	795.28	795.28

ADMINISTRATION

The Division of Employment Security is responsible for determining employer liability, collecting unemployment compensation taxes from Missouri liable employers, paying unemployment benefits to eligible claimants, maintaining wage records of Missouri workers, and investigating cases involving possible fraud and benefit overpayments.

Fiscal Year 2002 Governor's Recommendations

- \$166,440 federal funds for pay plan.

SPECIAL EMPLOYMENT SECURITY FUND

The special employment security fund is derived from interest and penalties collected under the provisions of the Missouri Employment Security Law. Expenditures from this fund are made in accordance with Section 288.310, RSMo, the Employment Security Law, which includes refunds of overcollected interest and penalties. The fund may also be used to acquire suitable office space for the division. Section 288.129, RSMo provides for federal interest payments on federal fund advances to the unemployment trust fund.

Fiscal Year 2002 Governor's Recommendations

- \$569 other funds for pay plan.
- (\$2,174,640) other funds for one-time expenditures.
- (\$120,000) other funds transferred to Department Administration for cost allocation.

EMPLOYMENT AND TRAINING PAYMENTS

The Division of Employment Security operates employment and training programs authorized and funded by the U. S. Department of Labor as authorized by the North American Free Trade Agreement (NAFTA) and the Trade Adjustment Assistance (TAA) programs. The division contracts with the Division of Workforce Development and others to provide a full range of services. Services include referral to employer job openings, job readiness skills training, referral to classroom or employer training, as well as payment of support services such as transportation, subsistence, and relocation allowances.

Fiscal Year 2002 Governor's Recommendations

- \$5,000,000 federal funds for increased Trade Adjustment Assistance benefits.

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FY 2002 EXECUTIVE BUDGET

DEPARTMENT OF MENTAL HEALTH

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	FY 2002 REQUEST	GOVERNOR RECOMMENDS FY 2002
Office of the Director	\$ 25,126,149	\$ 28,389,349	\$ 35,575,453	\$ 31,086,421
Division of Alcohol and Drug Abuse	63,213,343	77,017,172	96,836,797	71,429,011
Division of Comprehensive Psychiatric Services	284,549,116	309,341,832	373,102,895	320,771,828
Division of Mental Retardation and Developmental Disabilities	241,885,459	260,747,208	328,923,269	261,533,482
DEPARTMENTAL TOTAL	\$ 614,774,067	\$ 675,495,561	* \$ 834,438,414	\$ 684,820,742
General Revenue Fund	513,321,021	554,976,829	700,653,520	552,672,941
Federal Funds	79,190,395	98,238,146	111,053,665	109,864,101
General Revenue Reimbursements Fund	4,544,269	4,544,329	4,689,748	4,544,329
Compulsive Gamblers Fund	90,489	452,486	480,494	452,696
Health Initiatives Fund	10,355,393	6,849,088	7,052,291	6,849,157
Family Support Loan Program Fund	99,185	291,305	291,305	291,305
Mental Health Earnings Fund	1,824,347	1,872,255	1,930,104	1,872,990
Mental Health Institution Gift Trust Fund	5,348,968	8,271,123	8,287,287	8,273,223
Full-time equivalent employees	9,769.99	10,554.80	10,762.32	10,226.42

* Does not include \$2,329,995, including \$1,327,947 general revenue, recommended in Fiscal Year 2001 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding the Department of Mental Health supplemental appropriations.

POLICY SUMMARY

Governor Holden's Fiscal Year 2002 budget provides \$684.8 million for the Department of Mental Health, a net increase of \$9.3 million over the Fiscal Year 2001 appropriation level. The recommended increases will expand services for persons with mental disorders, developmental disabilities, and substance abuse problems; consolidate and maintain effective facility operations; enhance public safety; and improve the department's overall efficiency.

MORE AND BETTER MENTAL HEALTH SERVICES

The Department of Mental Health serves more than 140,000 Missourians each year. Most come to the department because of limited incomes and dependence on state-provided services. Many are highly vulnerable because of major mental illnesses or other disabilities and cannot live or work in the community without assistance. With appropriate treatment and support services, however, most persons with mental illnesses, developmental disabilities, and substance abuse problems can enjoy the same benefits of daily life at home, in school, and in the community as do other Missourians. They can work in regular jobs, take an active part in community life, and make their own life decisions. Governor Holden's recommendations include increases of \$12.1 million in service expansions and enhancements, as well as \$1.9 million in redirected core funds. Among his recommendations are:

- \$4.9 million to provide a 50 cent per hour salary increase for direct care staff working for contract providers of

services for developmentally disabled clients. This increase will help providers recruit and retain qualified staff and enhance client care.

- \$1.9 million redirected from the operating budgets of the St. Charles campus of the St. Louis Developmental Disabilities Treatment Center and the Higginsville Habilitation Center to move 90 habilitation center residents to community placements. This is in conjunction with the downsizing discussed below and will help the department meet the requirements of the *Olmstead v. L.C.* decision of the U. S. Supreme Court. In that case, the Court ruled that unjustified institutionalization of people with mental and developmental disabilities violates the Americans with Disabilities Act and stipulated that states must make reasonable progress in clearing waiting lists for people wanting to move from institutions into community settings.
- \$700,598 to establish a 14-bed alcohol and drug residential treatment program for a nine county area in northern Missouri. The program will serve about 170 clients per year.
- \$5.7 million for targeted case management and support services for some 4,600 mentally ill adults and 2,050 emotionally disturbed children.
- \$808,192 for housing support services for 266 homeless persons who are mentally ill and/or addicted to alcohol or drugs, and outreach services for another 3,222.

ENHANCING THE HEALTH AND SAFETY OF THE PUBLIC

While the great majority of individuals with mental disabilities pose no threat to others, the Department of Mental Health does have a major role in ensuring public health and safety. It has responsibilities for prevention and treatment of substance abuse; custody and treatment of persons whose mental disabilities make them dangerous to themselves or others and those deemed not guilty by reason of mental disease or defect; treatment services for prison inmates; and custody and treatment for individuals judged to be sexually violent predators. Governor Holden recommends:

- \$2.8 million for Fiscal Year 2002, along with \$259,884 in Fiscal Year 2001 supplemental funding, to expand the treatment program for sexually violent predators at the Southeast Missouri Mental Health Center. In Fiscal Year 2002, the department expects the number of persons detained or committed to the program by the courts to reach approximately 100, up from 36 in Fiscal Year 2000.
- \$187,827 for a school-based alcohol and drug abuse prevention program to be developed in conjunction with the Department of Elementary and Secondary Education and the Medicaid Program.

EFFECTIVE AND EFFICIENT STATE FACILITIES

Institutional care continues to be a significant part of the state's mental health system. Some individuals who have committed crimes attributed to mental disorders must also be confined and treated to ensure public safety. Some persons are committed to the courts involuntarily because of the severity of their mental disorders. Many, especially those with developmental disabilities, reside in state institutions by their own choice or that of their parents or guardians. In all these cases, it is important to maintain the integrity and quality of Missouri's mental health facilities. At the same time, the state must also ensure that these programs operate efficiently and effectively on behalf of their clients. Maintaining adequate staffing levels is a major problem for many facilities because of intense competition from other employers in a tight labor market. Governor Holden's recommendations address both sides of those issues:

- \$3.5 million in core savings from closing the St. Charles campus of the St. Louis Developmental Disabilities Treatment Center and 28 beds at the Higginsville Habilitation Center. It has become increasingly difficult to maintain staffing levels at the St. Charles campus because of its location and the local job market. At the same time, many clients have declared their interest in moving to community settings. Similar circumstances prevail at the Higginsville facility. The closure and downsizing will free up staff who can be transferred to other habilitation centers thus helping them fill jobs that have been vacant because of the difficulty in hiring staff during this time of low unemployment.
- \$1.5 million in core savings by downgrading the Correctional Treatment Center at the Farmington Correctional Center

from acute to long-term care staffing standards. This will bring the program in line with the actual needs of the inmate population. The Correctional Treatment Center is a 40-bed unit within the prison, with mental health services provided by the adjacent Southeast Missouri Mental Health Center.

- \$1.4 million, along with Fiscal Year 2001 supplemental funding of \$1.1 million, to help the facilities cover increased costs for natural gas.
- \$926,936 for full-year funding for 18 positions needed at Fulton State Hospital to meet staffing mandates of the Health Care Financing Administration (HCFA) and for 13 positions to help the Western Missouri Mental Health Center maintain HCFA certification.

TOWARD A MORE EFFICIENT MENTAL HEALTH SYSTEM

Governor Holden applauds the effort made by the Department of Mental Health in response to the state's tight budget situation by focusing on greater efficiency and effectiveness in its programs and services. His recommendations incorporate substantial core reductions proposed by the department, as well as significant increases. In addition to the facility changes described above, these include:

- \$5.9 million to continue modernization of the department's management information system.
- \$539,459 and 11 positions eliminated in administrative efficiencies that will not adversely affect direct services.
- \$2.6 million and six positions in core reductions from programs that have proven to be of limited effectiveness, are underutilized, or for which better alternatives can be developed from existing funds.
- \$4.6 million and 150 positions in other core reductions scattered across the department and its facilities.
- In addition to these direct reductions in the department's budget, the staff reductions will save the state more than \$2.5 million in fringe benefit costs.

Some performance measures the Department of Mental Health will use to evaluate the success of its programs follow:

	FY 1997	FY 1998	FY 1999	FY 2000
Percentage of high school seniors using alcohol *	62.2%	N/A	57.2%	N/A
Percentage of high school students using marijuana *	34.9%	N/A	24.5%	N/A
Percentage of high school seniors using cigarettes *	48.2%	N/A	33.5%	N/A
Tobacco inspection non-compliance rate		29.1%	34.4%	26.7%
Percentage of 18-year-olds with a high school diploma or GED		83.8%	84.3%	86.1%
Juvenile court referrals for drug offenses *	3,292	3,319		N/A
Families still intact after one year in Families First		75%	85%	N/A
Percent of developmentally disabled children with DMH support whose families care for them at home		96.5%	96.7%	97.9%
Alcohol- and drug-related traffic crashes resulting in death		262	210	N/A
Missouri suicide rate per 100,000 population		11.9	12.8	N/A
Percentage of Missourians homeless or in shelters		1.16%	1.20%	1.20%
Number of psychiatric clients living independently		4,977	6,442	6,862
Number of families directing their own developmental disabilities services		N/A	432	1,430
Alcohol and drug abuse treatment clients		32,073	32,950	36,219
Psychiatric clients in community programs		52,395	54,626	58,096
Developmentally disabled clients in community settings		23,059	24,236	25,951

* 1997 figures are included to show changes over time. Data on use of alcohol, marijuana, and tobacco by high school seniors are only obtained every other year; 1998 data are the most recent available at the time of writing on juvenile court referrals for drug offenses.

OFFICE OF THE DIRECTOR

The Department of Mental Health serves persons with mental illness, developmental disabilities, and substance abuse problems through institutional and community-based programs. These programs are operated by the Divisions of Alcohol and Drug Abuse, Comprehensive Psychiatric Services, and Mental Retardation and Developmental Disabilities. The seven-member Missouri Mental Health Commission appoints the Department of Mental Health Director.

The Office of the Director implements the plans and policies of the Mental Health Commission and manages the department. Its Office of Administration provides management and fiscal support, including the annual budget, capital improvements, accounting, building maintenance and management, revenue collection, contracting, dietary consultation, purchasing, and general services. The Office of Departmental Affairs performs audit services, abuse and neglect investigations, licensure and certification functions, medical oversight, legal counsel and financial counseling, and services for the deaf. The Office of Human Resources oversees personnel and labor relations. The Office of Public Affairs disseminates information about mental health programs and services and assists the divisions and facilities in such activities. The Office of Information Systems manages and develops the department's data processing capacity.

The Office of the Director also administers several department-wide activities. These include refunding overpayments by private payors and insurers, tracking the use of private donations to the department, maintaining department facilities, administering federal grants, and monitoring the Caring Communities Program.

Fiscal Year 2002 Governor's Recommendations

- \$5,900,000 federal funds to continue modernization of the department's integrated management information system.
- \$61,255 for pay plan, including \$56,897 general revenue.
- (\$2,066,953) and (5.86) staff in miscellaneous transfers and reductions from the Fiscal Year 2001 appropriation level, including (\$2,079,890) general revenue.
- (\$1,197,230) that will be replaced with facilities maintenance and reserve fund for operational maintenance and repair.

DIVISION OF ALCOHOL AND DRUG ABUSE

The Division of Alcohol and Drug Abuse (ADA) works to prevent substance abuse and provides treatment for rehabilitation of substance abusers and compulsive gamblers. The division helps clients through counseling, detoxification, residential treatment, and other services purchased from community agencies. The Comprehensive Substance Treatment and Rehabilitation (CSTAR) Program provides long-term outpatient and follow-up services, with partial funding through Medicaid. The central office of the division certifies providers, offers prevention education and training, works with communities developing their own prevention programs, carries out research and evaluation, and provides fiscal management. Missouri receives federal funds from the Substance Abuse Prevention and Treatment Block Grant, the Center for Substance Abuse Treatment, and the U.S. Department of Education.

Fiscal Year 2002 Governor's Recommendations

- \$700,598 federal funds for a 14-bed residential treatment center in northern Missouri.
- \$403,455 federal funds to provide housing support for homeless persons.
- \$353,930 federal funds and seven staff to pick up the cost to investigate compliance with the state's tobacco sales laws needed to replace a reduction in funding from the Food and Drug Administration.
- \$187,827 federal funds for a school-based program to prevent substance abuse, to be developed in conjunction with the Department of Elementary and Secondary Education.
- \$46,707 federal funds to implement the Customer Information, Management, Operations, and Reports System and for software upgrades.
- \$17,672 for pay plan, including \$8,661 general revenue.
- \$4,322 transfer from the leasing budget for fuel and utilities for a leased office.
- (\$2,457,757) federal funds and (.5) staff for expired federal grants.
- (\$2,400,615) and (60.93) staff to transfer funding for inpatient substance abuse treatment units to the budgets of three

state facilities, including (\$1,695,515) general revenue.

- (\$1,200,000) for one-time funding to investigate compliance with the state's tobacco sales laws and prevention of tobacco use by minors.
- (\$877,731) and (.2) staff in miscellaneous transfers and reductions from the Fiscal Year 2001 appropriation level, including (\$891,524) general revenue.
- (\$353,930) federal funds and (seven) staff to investigate compliance with the state's tobacco sales laws, redirected from funding through the Food and Drug Administration to the Substance Abuse Block Grant.
- (\$12,639) to reflect an increase in federal financial participation for Medicaid services.

DIVISION OF COMPREHENSIVE PSYCHIATRIC SERVICES

The Division of Comprehensive Psychiatric Services operates several state facilities and purchases residential, rehabilitative, and support services for clients who live in community settings. The ultimate objective is an integrated mental health service system that will enable clients to live as normally and independently as their conditions permit. The division funds a wide array of services, including residential care centers, foster homes, group homes, independent living programs, nursing homes, supported employment, crisis intervention, psychiatric rehabilitation, and other forms of assistance. Many of these services are partially funded through Medicaid.

The division provides inpatient care at three rehabilitation centers, two children's psychiatric hospitals, one children's residential center, and four state-operated acute care centers. These facilities offer inpatient care for adults who are seriously mentally ill and for severely emotionally disturbed children. Services include acute care, long-term rehabilitation for clients who are not ready to return to the community, and outpatient care. A large part of the population in the long-term rehabilitation facilities consists of forensic clients. These are people committed to the department by the courts as not guilty by reason of mental disease or defect, or as incompetent to stand trial. Fulton State Hospital and the Southeastern Missouri Mental Health Center also provide mental health care for prison inmates. The division also operates the Sexually Violent Predator Program at the Southeast Missouri Mental Health Center. Following are data for these facilities:

Facility	Total Staffed Beds	FY 2000 Inpatient Days	Forensic and Corrections Beds
Fulton State Hospital	505	164,392	397
Northwest Missouri Psychiatric Rehabilitation Center	120	41,496	91
St. Louis Psychiatric Rehabilitation Center	212	77,876	159
Southwest Missouri Psychiatric Rehabilitation Center	24	7,820	0
Cottonwood Residential Treatment Center	32	8,442	0
Hawthorn Children's Psychiatric Hospital	52	17,201	0
Metropolitan St. Louis Psychiatric Center	112	35,072	0
Mid-Missouri Mental Health Center	69	22,212	0
Southeast Missouri Mental Health Center	286	82,363	84
Sexual Predator Program	N/A	N/A	40
Farmington Correctional Center Beds	N/A	N/A	50
Western Missouri Mental Health Center	187	54,444	0

Fiscal Year 2002 Governor's Recommendations

- \$4,144,185 federal funds for targeted case management and other community-based support services for mentally ill adults.
- \$2,848,101 and 73.5 staff to expand the Sexually Violent Predator Program for growth in the number of individuals determined to be sexually violent predators or awaiting court action.
- \$1,537,365 federal funds for targeted case management and other community-based support services for children with mental disorders.
- \$924,834 to enable the psychiatric institutions to meet the increased cost of natural gas.

- \$783,053 and 13 staff to help the Western Missouri Mental Health Center meet requirements for certification by the Health Care Financing Administration.
- \$304,737 federal funds to provide housing support for homeless persons.
- \$143,883 and four staff to provide full-year funding to meet staffing requirements established by the Health Care Financing Administration for patients in seclusion or restraints.
- \$100,000 federal funds for a grant for outreach services for homeless mentally ill persons.
- \$14,040 federal funds to adjust the federal financial participation rate in Medicaid services.
- \$1,060,651 for pay plan, including \$1,043,829 general revenue.
- \$2,400,615 and 60.93 staff to transfer funding for inpatient substance abuse treatment from the Division of Alcohol and Drug Abuse to Fulton State Hospital, the Metropolitan St. Louis Psychiatric Center, and the Western Missouri Mental Health Center, including \$1,695,515 general revenue.
- (\$1,541,767) and (45.17) staff to change the Correctional Treatment Center at the Farmington Correctional Center to long-term rather than acute care standards to reflect the real needs of the prison population.
- (\$1,356,564) and (36.4) staff and \$1,356,564 and 36.4 staff to transfer the Sexually Violent Predator Program from the budget of the Southeast Missouri Mental Health Center to its own free-standing appropriation.
- (\$1,139,545) and (128.18) staff in miscellaneous transfers and reductions from the Fiscal Year 2001 appropriation level, including (\$1,112,815) general revenue.
- (\$89,861) to reflect an increase in federal financial participation for Medicaid services, including (\$88,670) general revenue.
- (\$60,295) transferred to the leasing budget.

DIVISION OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES

The Division of Mental Retardation and Developmental Disabilities operates several facilities and purchases residential, habilitative, and support services for clients who live in the community and for families who keep their developmentally disabled children at home. This is a key element in the development of an integrated system which will enable mentally retarded and developmentally disabled clients to live as normally and independently as their conditions and behavior permit. Community-based services range from residential placements to support services for persons living with their families or in their own apartments. The Medicaid Home- and Community-Based Waiver plays a major role in the division's community service system. Its 11 regional centers are the entry and exit points for clients. They provide screening and diagnostic services for both children and adults, evaluate the need for services and arrange for them, and monitor and assess the clients' progress.

The division provides residential services at the six state habilitation centers. These centers offer long-term training and habilitation for clients who cannot move into community settings because of the severity of their disabilities or for behavioral reasons. Those who can make the change are eventually moved into community settings, with the goal of integrating them as fully as possible into normal community life. The following table shows the number of beds in the habilitation centers:

Facility	Beds
Bellefontaine Habilitation Center	404
Higginsville Habilitation Center	128
Marshall Habilitation Center	332
Nevada Habilitation Center	138
St. Louis Developmental Disabilities Treatment Center	206
Southeast Missouri Residential Services	86
Habilitation Center Clients in Community Settings	182
Total	1,476

Fiscal Year 2002 Governor's Recommendations

- \$4,948,195 for a pay increase of fifty cents an hour for direct care staff employed by providers serving the division's

clients.

- \$615,104 federal funds and 16 staff for case management services.
- \$520,534 to enable the division's facilities to meet the increased cost of natural gas.
- \$46,475 for relocation and wiring costs associated with new leases to accommodate staff at Joplin, Poplar Bluff, Rolla, Sikeston, Springfield, and St. Louis Regional Centers.
- \$11,823 federal funds to adjust the federal financial participation rate in Medicaid services.
- \$974,930 for pay plan, including \$882,945 general revenue.
- (\$2,437,693) and (154.82) staff from closure of the St. Charles campus of the St. Louis Developmental Disabilities Treatment Center.
- (\$1,671,599) and (16.95) staff in miscellaneous transfers and reductions from the Fiscal Year 2001 appropriation level.
- (\$1,054,172) and (67.2) staff from a 28-bed reduction at the Higginsville Habilitation Center.
- (\$913,816) and (16) case managers in one-time expenditures.
- (\$243,817) to reflect an increase in federal financial participation for Medicaid services.
- (\$9,690) net reduction in transfers to and from the leasing budget.

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FY 2002 EXECUTIVE BUDGET
DEPARTMENT OF NATURAL RESOURCES
FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	FY 2002 REQUEST	GOVERNOR RECOMMENDS FY 2002
Office of the Director	\$ 8,145,888	\$ 9,568,292	\$ 10,114,759	\$ 9,453,057
Division of Energy	10,758,372	7,008,371	6,488,245	6,427,804
Environmental Improvement & Energy Res. Authority	0	1	1	1
Division of State Parks	31,751,263	42,480,020	43,379,012	41,842,856
Division of Geology and Land Survey	5,513,693	6,838,321	7,308,763	6,780,230
Division of Environmental Quality	70,574,251	238,680,598	241,773,062	236,768,829
Agency-Wide Implementation	28,504,733	14,214,642	12,895,699	12,885,477
DEPARTMENTAL TOTAL	\$ 155,248,200	\$ 318,790,245	\$ 321,959,541	\$ 314,158,254
General Revenue Fund	14,944,846	25,935,374	28,056,093	22,581,308
Federal Funds	23,866,708	40,513,267	37,785,424	37,015,959
Post Closure Fund	91,300	141,599	141,599	141,599
Missouri Air Emission Reduction Fund	68	1,253,507	1,490,998	1,438,778
Water Pollution Control Fund	374,792	43,660,000	43,660,000	43,660,000
State Parks Earnings Fund	3,824,355	5,360,988	5,512,943	5,511,564
State Parks Revolving Fund	459,952	100	0	0
Natural Resources Revolving Services Fund	2,531,760	2,686,341	2,693,979	2,691,280
Historic Preservation Revolving Fund	411,073	1,055,310	1,058,562	1,055,669
DNR Cost Allocation Fund	7,582,965	8,350,122	8,560,750	8,377,963
State Facility Maintenance and Operation Fund	208,287	365,674	372,039	368,067
Natural Resources Protection Fund	100,100	158,241	158,241	158,241
NRPF - Water Pollution Permit Fee Subaccount	2,975,243	3,312,900	4,236,500	4,075,537
Solid Waste Management Fund - Scrap Tire Acct	349,253	2,046,973	2,053,965	2,056,109
Solid Waste Management Fund	1,456,751	7,547,999	7,515,973	7,521,695
NRPF - Air Pollution Asbestos Fee Subaccount	168,459	366,858	483,015	472,892
Petroleum Storage Tank Insurance Fund	26,667,637	12,115,085	9,114,847	9,036,077
Underground Storage Tank Reg. Program Fund	152,783	215,994	222,547	223,597
NRPF - Air Pollution Permit Fee Subaccount	6,936,696	6,981,160	7,304,500	7,074,868
Water and Wastewater Loan Revolving Fund	0	20,037,248	20,061,444	20,061,444
Parks Sales Tax Fund	23,299,670	25,282,964	25,945,587	25,510,530
Soil and Water Sales Tax Fund	25,032,642	34,589,326	38,375,048	38,294,465
Water and Wastewater Loan Fund	601,791	62,719,448	62,768,875	62,744,007
Groundwater Protection Fund	680,838	439,283	474,890	460,108
Energy Set-Aside Program Fund	5,020,885	1,344,109	1,578,277	1,560,936
State Land Survey Program Fund	1,050,449	1,159,662	1,182,558	1,153,485
Petroleum Violation Escrow Fund	730,191	778,220	430,165	430,165
Hazardous Waste Fund	575,197	1,087,173	2,272,689	2,176,834
Safe Drinking Water Fund	1,514,878	2,321,494	2,280,819	2,212,134
Coal Mine Land Reclamation Fund	75,598	1,068,899	1,070,782	1,069,840
Hazardous Waste Remedial Fund	1,640,314	2,624,778	1,766,136	1,713,232

Concentrated Animal Feeding Operation Indemnity Fund	0	100,000	100,000	100,000
Controlled Substances Cleanup Fund	0	125,000	125,000	125,000
Missouri Alternative Fuel Vehicle Loan Fund	0	0	500,050	500,050
Petroleum Violation Escrow Interest Subaccount	0	755,845	274,564	267,301
Mined Land Reclamation Fund	262,711	1,672,363	1,681,812	1,682,947
Babler State Park Fund	271,596	317,189	324,286	319,173
Other Funds	1,388,412	299,752	324,584	315,400

Full-time equivalent employees	1,904.73	2,058.35	2,083.36	2,060.84
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POLICY SUMMARY

The Department of Natural Resources envisions a Missouri where people live and work in harmony with our natural and cultural resources, make decisions that result in a quality environment, and prosper today and in the future. To accomplish this, the department strives to preserve, protect, and enhance Missouri's natural, cultural, and energy resources and to inspire their enjoyment and responsible use for present and future generations. The Governor's Fiscal Year 2002 budget recommendations support the ongoing efforts to accomplish this work.

PROTECTING LAND AND WATER RESOURCES: A primary goal of the department is to preserve and protect the natural resources of the state. Land and water are two of these essential resources. To support activities aimed at meeting this goal, the Governor's Fiscal Year 2002 recommendations include an additional:

- \$3,200,000 for Special Area Land Treatment programs to reduce sediment, pesticides, and other contaminants that enter streams, lakes, and groundwater from agricultural land.
- \$425,103 to implement SB 741 (2000) that created deadlines for issuing permits for various activities that affect Missouri's water quality. The department will also provide increased technical assistance, and inspection and complaint investigation.
- \$339,208 to help small water and wastewater treatment systems participate in the State Revolving Loan Program.
- \$124,554 for staff to expand environmental cleanup works in accordance with SB 577 (2000). Staff will develop key indicators for all cleanups, develop a centralized information system on the location and characteristics of environmental cleanups, and assess damages against responsible parties to repair or replace damaged natural resources.
- \$81,487 for a water economist to help defend Missouri's interests in the state's major rivers.

Some performance measures the Department of Natural Resources uses to evaluate the quality of Missouri's land and water follow:

	FY 1998	FY 1999	FY 2000
Percentage of stream miles that are safe and useable for drinking, swimming, fishing, and watering livestock	52.7%	N/A	51.5%
Percentage of lake acres that are safe and useable for drinking, swimming, fishing, and watering livestock	85.4%	N/A	94.0%
Percentage of Missourians living where drinking water meets federal water standards	96.0%	96.2%	97.7%
Tons of waste diverted from Missouri landfills (millions)	2.04	1.90	2.00
Tons of solid waste disposed per capita	1.06	1.12	N/A
Tons of soil saved (cumulative)	60,615,113	65,906,419	68,662,914
Percent of land disturbed by mining activities that has been reclaimed	45.7%	46.3%	46.2%

PROTECTING AIR QUALITY: Missouri's air sustains us in everything we do. Today over 65 percent of the population lives where air quality meets government standards. To continue this trend Missouri will have to balance environmental quality with the needs of industry and Missouri's citizens. The Governor's recommendations include an additional:

- \$500,000 for the Alternative Fuel Loan Program established by SB 310 (1999). The loans will help political subdivisions construct refueling stations and purchase alternative fuel vehicles.
- \$255,000 to operate an additional station in St. Louis County to test vehicle emissions.
- \$267,000 for grants to local area air agencies for monitoring of ambient air quality.
- \$210,124 for staff to review all permit applications as recommended in the State Auditor Office's Performance Review Audit and to expand inspections of new air toxic sources and implement new air toxic rules. Reviewing applications will streamline the process of issuing permits to air pollution sources.

Some performance measures the Department of Natural Resources uses to evaluate the quality of Missouri's air follow:

	FY 1997	FY 1998	FY 1999
Percentage of Missourians living where air meets government air quality standards for smog	64.96%	65.10%	65.22%
Percentage of Missourians living where air meets government air quality standards for lead	99.81%	99.82%	99.81%
Percentage of Missourians living where air meets government air quality standards for carbon monoxide	89.47%	89.56%	100.00%

PROTECTING MISSOURI'S NATURAL RESOURCES: Through its state park system and related outreach programs, the department continues its strong commitment to preserve the state's natural and cultural heritage and to provide recreational opportunities. The department strives to balance preservation of significant natural and cultural resources with providing access to recreational activities. In 1999, the state park system included 81 state parks and historic sites, covering approximately 137,000 acres and serving more than 18 million visitors annually. The Governor recommends \$41.8 million to continue operations of the parks and historic preservation system. In an effort to make additional opportunities available in the urban areas the Governor recommends:

- \$75,011 for the Bruce R. Watkins Cultural Resource Center to continue the partnership with the Department of Natural Resources and the Kansas City Board of Parks and Recreation Commission. Funds will assist the center in programming activities that will meet an important milestone by establishing exhibits on the civil rights movement in Missouri.

Some performance measures the Department of Natural Resources uses to evaluate the effectiveness of parks and historic preservation programs follow:

	FY 1998	FY 1999	FY 2000
Percentage of Missouri's listed rare, endangered, or threatened species in state parks	167 of 791	167 of 791	176 of 843
Cumulative number of Missouri properties listed on the National Register of Historic Places	1,242	1,292	1,353
Number of state park visitors statewide	17,309,592	17,727,104	18,151,259
Number of camping permits issued	293,422	290,943	308,697
Percentage of satisfied visitors to Missouri state parks	99%	99%	N/A

OFFICE OF THE DIRECTOR

The Office of the Director is responsible for the management of the department's five divisions and for ensuring that the department meets all statutory responsibilities. The director's staff conducts systematic analyses of natural resource issues, coordinates departmental long-range planning and policy implementation, monitors state and federal legislation, coordinates the department's legislation, and reviews applications for federal assistance. The Office of the Director represents Missouri before several regional and national organizations and agencies, including the U.S. Environmental Protection Agency, regional river basin associations, and the Midwest Interstate Low-Level Radioactive Waste Compact.

The Division of Administrative Support develops the department's budget; performs accounting, internal auditing, and procurement functions; administers the department's personnel policies; supports a statewide communications-computer infrastructure; and disseminates information on the department's programs to the news media and the public.

Fiscal Year 2002 Governor's Recommendations

- \$24,833 for pay plan, including \$7,793 general revenue.
- \$93,758 and two staff transferred from the Division of Environmental Quality, including \$42,412 general revenue.
- \$21,597 transferred from the statewide leasing budget, including \$4,040 general revenue.
- (\$255,423) and (one) staff core reduction from the Fiscal Year 2001 appropriation level.

DIVISION OF ENERGY

The Division of Energy is Missouri's designated state energy office, administering federal and oil-overcharge restitution funds which address the three E's - energy, environment, and economy. The division, through financial and technical assistance, actively participates in and guides energy policy advisory groups, offers unbiased technical and consumer energy education information, energy policy research and development, data collection and reporting, and project development.

The division in coordination with the State Emergency Management Association, the Public Service Commission, and the U.S. Department of Energy, maintains the state's energy emergency plan, designed as a mechanism for prevention, response, mitigation, and recovery from energy supply disruptions. The division assists public and private non-profit organizations in developing and financing energy efficiency and renewable energy projects. It also oversees, trains, and audits 18 community-based agencies that deliver the Missouri Residential Weatherization Program for low-income, disabled, and elderly citizens. The division, through the Energy Efficiency in State Facilities Program, provides funding and technical assistance for energy audits, energy efficient design, and other cost-reducing energy efficiency strategies for state buildings.

Fiscal Year 2002 Governor's Recommendations

- \$500,000 other funds for the Alternative Fuel Loan Program.
- \$7,641 for pay plan, including \$245 general revenue.
- \$25,560 federal and other funds transferred from the statewide leasing budget.
- (\$1,113,768) and (12.26) staff core reduction from the Fiscal Year 2001 appropriation level, including (\$5,468) general revenue.

ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY

The Environmental Improvement and Energy Resources Authority (EIERA), under Chapter 260, RSMo is an independent, self-supporting, quasi-governmental agency assigned to the Missouri Department of Natural Resources.

Due to the special independent status as "a body corporate and politic," the authority is able to issue tax-exempt bonds and utilize fees charged for issuance of its bonds and notes. The authority is empowered to conduct environmental and energy research and development activities, develop alternative methods of financing environmental and energy projects, and assist Missouri communities, organizations, and businesses in obtaining low-cost funds and other financial assistance for projects related to the authority purpose.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

DIVISION OF STATE PARKS

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	FY 2002 REQUEST	GOVERNOR RECOMMENDS FY 2002
PERSONAL SERVICE				
General Revenue Fund	\$ 544,087	\$ 606,511	\$ 665,354	\$ 581,686
Federal Funds	312,852	424,747	442,924	426,835
State Parks Earnings Fund	673,297	835,822	844,076	842,697
State Parks Revolving Fund	84,059	0	0	0
Historic Preservation Revolving Fund	10,141	55,210	58,397	55,504
DNR Cost Allocation Fund	887,784	1,040,744	1,090,764	1,046,278
State Facility Maintenance and Operation Fund	140,905	254,347	260,712	256,740
Parks Sales Tax Fund	16,764,625	17,841,576	18,537,131	18,060,339
Meramec-Onondaga State Parks Fund	8,409	10,247	10,788	10,893
Babler State Park Fund	166,607	210,358	217,290	212,177
EXPENSE AND EQUIPMENT				
General Revenue Fund	222,269	241,335	292,304	214,377
Federal Funds	63,141	413,309	282,831	282,831
State Parks Earnings Fund	2,830,782	4,080,116	4,246,557	4,246,557
State Parks Revolving Fund	375,893	0	0	0
Historic Preservation Revolving Fund	6,287	1,000,000	650,000	650,000
DNR Cost Allocation Fund	82,317	140,229	140,229	140,229
State Facility Maintenance and Operation Fund	67,382	111,327	111,327	111,327
Parks Sales Tax Fund	6,382,008	7,185,765	7,253,891	7,295,626
Meramec-Onondaga State Parks Fund	3,161	5,600	5,600	5,600
Babler State Park Fund	104,989	106,579	106,579	106,579
PROGRAM SPECIFIC DISTRIBUTION				
General Revenue Fund	25	3,957,132	3,957,132	3,957,132
Federal Funds	721,371	2,824,034	2,824,034	2,824,034
State Parks Earnings Fund	0	94,355	65,415	65,415
Historic Preservation Revolving Fund	394,645	0	350,000	350,000
Parks Sales Tax Fund	100,000	175,000	100,000	100,000
FUND TRANSFERS				
General Revenue Fund	804,227	865,677	865,677	0
TOTAL	\$ 31,751,263	\$ 42,480,020	\$ 43,379,012	\$ 41,842,856
General Revenue Fund	1,570,608	5,670,655	5,780,467	4,753,195
Federal Funds	1,097,364	3,662,090	3,549,789	3,533,700
State Parks Earnings Fund	3,504,079	5,010,293	5,156,048	5,154,669
State Parks Revolving Fund	459,952	0	0	0
Historic Preservation Revolving Fund	411,073	1,055,210	1,058,397	1,055,504
DNR Cost Allocation Fund	970,101	1,180,973	1,230,993	1,186,507
State Facility Maintenance and Operation Fund	208,287	365,674	372,039	368,067
Parks Sales Tax Fund	23,246,633	25,202,341	25,891,022	25,455,965
Meramec-Onondaga State Parks Fund	11,570	15,847	16,388	16,493
Babler State Park Fund	271,596	316,937	323,869	318,756
Full-time equivalent employees				
	758.72	774.82	776.82	775.82

The Division of State Parks manages the many recreational, cultural, and historical resources of the Missouri state park system. The division also administers programs to promote historic preservation and outdoor recreation.

Missouri's state park system consists of 80 state parks and historic sites covering approximately 135,000 acres and including 4,000 campsites, 300 cabin and motel units, 9 dining lodges, and 13 group camps. The system is divided into six districts, with each of the district headquarters reporting to the Central Office in Jefferson City. Administrative, maintenance, and service personnel manage the lands and improvements, provide recreational and educational programs for visitors, and provide necessary law enforcement. Funding provided by the one-tenth of one percent parks and soils sales tax has been used for projects such as campground remodeling; the addition of shower houses and restrooms;

paving of roads within campgrounds; restoration of landscapes; and additional personnel for maintenance, education, and site interpretation. Extension of the parks and soils sales tax will provide the continued restoration and improvement of the state park system and will allow division staff to better serve the more than 16 million people who visit parks and historic sites each year.

Central Office administration directs and coordinates the management of the state park system. Responsibilities include personnel management, budget and policy development, and the evaluation of management procedures and performance. Central Office staff provide logistical support to the individual state parks; supervise the grounds maintenance of the state capitol complex; and operate the central sign shop, central warehouse, and aerial device unit. Staff also identify unique natural areas which may require protection; conduct special studies related to parks operations and development; and prepare site, architectural, and engineering plans and maps.

The Outdoor Recreation Assistance Section assists the State Inter-Agency Council for Outdoor Recreation in the administration of grants which finance outdoor recreation projects. The Historic Preservation Program identifies and nominates significant historical sites to the National Register of Historic Places; administers federal grants for the preservation, acquisition, restoration, surveying, and planning of historic sites; and directs the allocation of the state's historic preservation revolving fund.

Fiscal Year 2002 Governor's Recommendations

- \$3,957,132 for one-time grants to local and landmark local parks.
- \$75,011 other funds and one staff for the Bruce R. Watkins Cultural Resource Center.
- \$162,719 for pay plan, including \$3,663 general revenue.
- \$76,269 transferred from the statewide leasing budget, including \$9,234 general revenue.
- \$54,194 other funds and one staff transferred from Agency Wide Implementation.
- (\$4,887,489) and (one) staff core reduction from the Fiscal Year 2001 appropriation level.
- (\$75,000) other funds core reduction for one-time expenditures.

DIVISION OF GEOLOGY AND LAND SURVEY

The Division of Geology and Land Survey, which is located in Rolla, provides a variety of investigative, engineering, and other technical services to the public and industry. The division also supports other programs of the Department of Natural Resources, particularly in the area of environmental quality and land surveying, as well as some work in support of other departments. The division distributes topographic maps and other documents to the public, accesses both the geologic and water resources of the state, maintains and restores land survey records and monuments, inspects and registers dams to protect the public against unsafe dams, and works to define as well as protect Missouri's water resources.

The Administration and General Support Program is responsible for the direction and coordination of all division activities and procedures. These responsibilities include budgeting, accounting, purchasing, personnel management, administration of grants, maintenance of physical property, and the provision of electronic data processing support. Staff also produce and distribute to the public various reports and maps which are the result of geological investigations, land surveys, and dam and reservoir safety activities. The division director serves as State Geologist and is a member of several boards and commissions.

The Geological Survey Program analyzes the state's geologic resources to provide information and technical support to the public, industry, and units of government. The program provides staff support to the Water Well Driller's Board, the State Oil and Gas Council, and administers federal grants for a variety of special projects. Engineering/environmental geology staff conduct field investigations to identify geologic conditions to assist construction and development. The Geological Survey Program is involved in the following activities: solid waste landfills, hazardous waste disposal sites and remediation sites, and lagoons. The program continually collects and interprets geologic data for the purpose of groundwater protection and resource management. The program also regulates the monitoring, heat pump, mineral, and

water well drillers operating in the state of Missouri.

The Land Survey Program maintains records and monuments needed to define the boundaries of all real estate in Missouri. The program establishes technical standards and guidelines for surveys, executes surveys for land survey corners, and restores and preserves location monuments of the original U.S. Public Land Survey. The program estimates that approximately 80 percent of all original government survey corners have been destroyed; yet all surveys must begin at or have correlation with corners to be admissible in court. Land survey staff also execute and extend the Missouri state plan coordinate system to serve as primary survey controls. The program maintains a storage and retrieval file of all land survey records in the state and provides copies to the public upon request. Political boundaries also are surveyed by or under the direction of program staff. The program is funded entirely by fees collected when real property transactions are recorded.

The Dam and Reservoir Safety Program is responsible for protecting the lives and property of the public by ensuring the safety of dams over 35 feet in height. Dams licensed under the Federal Power Act and agricultural dams regardless of height are exempted. Under the authority of the Dam and Reservoir Safety Council, program staff review permit applications; issue permits for acceptable structures; inspect existing dams for safety hazards; and promulgate regulations, guidelines, and standards pertaining to dam safety.

The Water Resources Program inventories ground and surface waters of the state, administers the major water users law, establishes water quality protection areas, protects interstate waters, performs wetlands and water resource research, and reviews reservoir plans. A primary role of the program is to address the problems and opportunities of water uses throughout the state. The division also defends Missouri water-related needs through the Upper Mississippi River Basin Association; Arkansas, White, Red River Basin Association; and the Missouri River Basin Association.

Fiscal Year 2002 Governor's Recommendations

- \$64,497 and one staff for an economist to help the department defend Missouri's water rights in the state's large rivers.
- \$28,993 for pay plan, including \$13,013 general revenue.
- \$283 transferred from the statewide leasing budget, including \$227 general revenue.
- (\$86,864) and (2.25) staff core reduction from the Fiscal Year 2001 appropriation level.
- (\$65,000) core reduction for one-time expenditures.

DIVISION OF ENVIRONMENTAL QUALITY

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	FY 2002 REQUEST	GOVERNOR RECOMMENDS FY 2002
Environmental Quality Operations	\$ 39,817,877	\$ 47,173,570	\$ 51,672,421	\$ 49,024,102
St. Louis Inspection/Maintenance	370,141	6,208,827	2,370,667	2,318,447
Environmental Quality Financial Support	30,386,233	185,298,201	187,729,974	185,426,280
DIVISIONAL TOTAL	\$ 70,574,251	\$ 238,680,598	\$ 241,773,062	\$ 236,768,829
PERSONAL SERVICE				
General Revenue Fund	6,130,848	6,877,752	7,722,729	6,754,680
Federal Funds	9,294,351	11,372,389	11,935,284	11,281,447
Solid Waste Management Fund	865,290	924,463	924,463	930,185
NRPF - Air Pollution Permit Fee Subaccount	3,593,802	3,719,399	4,100,664	3,871,032
Petroleum Storage Tank Insurance Fund	1,092,190	1,086,885	1,167,089	1,093,606
Soil and Water Sales Tax Fund	1,842,048	1,960,081	2,052,844	1,972,261
Missouri Air Pollution Control Fund	197,851	41,313	42,453	41,510
Water and Wastewater Loan Fund	336,349	426,746	452,440	428,947
Hazardous Waste Remedial Fund	1,078,795	1,471,526	998,688	950,221
Other Funds	5,774,960	7,441,147	9,148,968	8,725,435
EXPENSE AND EQUIPMENT				
General Revenue Fund	2,009,249	2,103,758	2,417,945	1,877,258
Federal Funds	4,126,358	12,369,042	11,010,639	11,010,639
Solid Waste Management Fund	196,739	223,467	241,359	241,359
NRPF - Air Pollution Permit Fee Subaccount	1,637,512	1,484,561	1,174,172	1,174,172
Soil and Water Sales Tax Fund	885,772	1,074,448	1,464,494	1,464,494
Petroleum Storage Tank Insurance Fund	131,545	190,366	213,010	213,010
Water and Wastewater Loan Fund	225,340	233,663	255,746	255,746
Hazardous Waste Remedial Fund	418,482	834,869	578,232	578,232
Missouri Air Pollution Control Fund	86,330	7,321	19,785	19,785
Other Funds	1,647,810	5,083,509	7,068,489	7,068,489
PROGRAM SPECIFIC DISTRIBUTION				
General Revenue Fund	753,727	4,140,106	3,700,107	2,732,859
Federal Funds	3,011,438	5,394,326	3,910,392	3,910,392
Solid Waste Management Fund	394,717	6,299,969	6,299,986	6,299,986
NRPF - Air Pollution Permit Fee Subaccount	1,682,549	1,725,000	1,952,000	1,952,000
Water and Waste Water Revolving Fund	0	20,000,000	20,000,000	20,000,000
Soil and Water Sales Tax Fund	22,274,067	31,404,598	34,648,544	34,648,544
Water and Wastewater Loan Fund	0	62,000,000	62,000,000	62,000,000
Hazardous Waste Remedial Fund	0	150,002	10,638	10,638
Other Funds	886,132	46,590,633	45,261,902	45,261,902
FUND TRANSFERS				
General Revenue Fund	0	2,049,259	1,000,000	0
TOTAL	\$ 70,574,251	\$ 238,680,598	\$ 241,773,062	\$ 236,768,829
General Revenue Fund	8,893,824	15,170,875	14,840,781	11,364,797
Federal Funds	16,432,147	29,135,757	26,856,315	26,202,478
Solid Waste Management Fund	1,456,746	7,447,899	7,465,808	7,471,530
Petroleum Storage Tank Insurance Fund	1,223,735	1,277,251	1,380,099	1,306,616
NRPF - Air Pollution Permit Fee Subaccount	6,913,863	6,928,960	7,226,836	6,997,204
Water and Waste Water Revolving Fund	0	20,000,000	20,000,000	20,000,000
Soil and Water Sales Tax Fund	25,001,887	34,439,127	38,165,882	38,085,299
Water and Wastewater Loan Fund	561,689	62,660,409	62,708,186	62,684,693
Hazardous Waste Remedial Fund	1,497,277	2,456,397	1,587,558	1,539,091
Missouri Air Pollution Control Fund	284,181	48,634	62,238	61,295
Other Funds	8,308,902	59,115,289	61,479,359	61,055,826
Full-time equivalent employees	881.11	972.00	996.00	985.00

The budget for the Division of Environmental Quality consists of two components: operations and financial support. The operations component includes funding for all staff and related expense and equipment. The financial support component consists of funds that are either passed through the department to local governments, used to provide for the cleanup of abandoned and uncontrolled hazardous waste sites, or used for contractual services such as permit review assistance, and monitoring and testing of drinking water supplies.

Together, the operations and financial support budgets fund seven environmental programs, a laboratory, six regional offices, and an administrative unit. These ten functional components are responsible for implementing and enforcing

state and federal environmental statutes and programs.

ADMINISTRATION

Division administrative staff coordinate program activities, analyze personnel procedures, coordinate budget preparation, prepare legislation, review program reports, and represent the programs and commissions at departmental, state, and federal meetings. The administrative staff also maintain a divisional management system to identify and address environmental issues.

ENVIRONMENTAL SERVICES PROGRAM

The Environmental Services Program (ESP) coordinates state, federal, and local efforts during environmental emergencies and ensures that the emergency is brought to a safe and environmentally sound conclusion; investigates petroleum leaks from underground storage tanks and laboratory analyses in support of the ESP's responsibilities, as well as in support of the other programs within the division.

WATER POLLUTION CONTROL PROGRAM

The Water Pollution Control Program implements state laws, regulations, and policies developed by the Clean Water Commission to maintain and improve water quality. The staff provide administrative and technical assistance to the commission, issue and monitor wastewater discharge permits, review engineering plans and specifications for new facilities, enforce state water quality regulations, train wastewater treatment plant operators, and administer state and federal grants and the state revolving loan fund for the construction of wastewater treatment facilities.

PUBLIC DRINKING WATER PROGRAM

The Public Drinking Water Program strives to ensure that the public receives drinking water which is free from harmful levels of contaminants. The staff evaluate and record water sample data to provide early detection of health problems, maintain historical records of water quality analyses and trends, and review engineering plans for water treatment facilities. The program administers grants to small communities to partially fund the construction of water supply systems. The Department of Health assists the program to protect public health by conducting bacteriological laboratory analyses.

AIR POLLUTION CONTROL PROGRAM

The Air Pollution Control Program provides staff support to the Air Conservation Commission which is responsible for developing policies to maintain and enhance the state's air quality. Staff coordinate air pollution control activities among other programs in the division and with local air pollution control agencies. In addition, staff update the state implementation plan, evaluate air quality data to determine the need for air pollution control, and implement a vehicle emissions inspection/maintenance program in the St. Louis area. Staff also inspect air pollution sources to determine compliance with regulations, provide needed technical assistance, evaluate permit applications, and control equipment to ensure compliance with state air quality standards.

SOLID WASTE MANAGEMENT PROGRAM

The Solid Waste Management Program protects public health and the environment by requiring proper management of solid waste. This is accomplished by encouraging waste reduction, reuse, recycling, energy recovery, improved processing, and proper disposal. The implementation of alternatives to landfills will eliminate the potential shortage of landfill capacity and encourage a better use of our natural resources. By effectively regulating solid waste facilities and requiring implementation of solid waste management plans, water pollution, air pollution, and the transmission of disease can be prevented.

HAZARDOUS WASTE MANAGEMENT

State law requires oversight of hazardous waste practices from the point of generation through final disposal. Hazardous waste generators are required to register with the Hazardous Waste Program and the movement of waste is tracked through a manifest and quarterly reporting system. These systems allow the program to identify the amount and types of waste which are generated, stored, containerized, transported off-site, and treated or disposed of so it can detect any illegal or improper handling of waste which may threaten public health or the environment.

The Hazardous Waste Program also uses several means to solve problems at abandoned or uncontrolled hazardous waste sites including preliminary assessments, site investigations, feasibility studies, remedial investigations, interim remedial measures, immediate removals, and long-term or final remedial actions. The various steps of cleaning up a hazardous waste site may be conducted in coordination with the U.S. Environmental Protection Agency, solely by the state, or by the responsible party with state oversight.

LAND RECLAMATION PROGRAM

The Land Reclamation Program provides staff support and technical assistance to the Land Reclamation Commission. The commission regulates the mining of coal and other mineral commodities in Missouri and provides for the reclamation of mined lands. Administrative staff review mining and reclamation plans, issue permits which require surety bonds for the reclamation of mined lands, and inspect sites for reclamation performance. Permit applications also are evaluated for the mining of barite, tar sands, clay, limestone, sand, and gravel. Other program staff inventory abandoned mines, assess pollution problems, and establish priorities for the reclamation of abandoned mined lands.

SOIL AND WATER CONSERVATION PROGRAM

The Soil and Water Conservation Program implements the policies of the Soil and Water Districts Commission. Staff assist Missouri's soil and water conservation districts and administer several soil conservation programs funded by one-half of the one-tenth of one percent sales tax renewed by Missouri voters in November 1988.

Sales tax funded programs include: state cost-share grants for 50-75 percent of farmers' costs of approved soil conservation practices, low-interest loans for conservation practices and equipment, grants to local districts for administrative expenses and technical assistance, special incentives for intensive conservation measures in specified areas, and grants for research on soil conservation problems. These programs represent a significant investment by all Missourians in the long-term productivity of our most basic resource, the soil. Sales tax funds also are used to accelerate soil survey mapping efforts to provide factual information on Missouri soils.

Fiscal Year 2002 Governor's Recommendations

- \$3,200,000 other funds for the expansion of agricultural non-point source pollution programs.
- \$509,904 federal funds and one staff for training programs for public water systems employees.
- \$425,103 other funds and seven staff for issuing water pollution permits, and performing inspections and investigations.
- \$413,532 other funds for Soil and Water Conservation District staff health benefits.
- \$339,208 federal and other funds and four staff for assistance to political subdivisions in obtaining loans from the clean water state revolving fund.
- \$267,500 federal and other funds for grants to local air agencies.
- \$255,000 federal funds for expenses for the St. Louis inspection maintenance station.
- \$210,124 other funds and 3.5 staff for air toxic inspections and permit reviews.
- \$124,554 other funds and three staff for Hazardous Waste Remedial Fund activities.
- \$202,987 for pay plan, including \$37,390 general revenue.
- \$430,436 transferred from the statewide leasing budget, including \$100,008 general revenue.
- (\$6,758,674) core reduction for one-time expenditures, including (\$2,463,379) general revenue.
- (\$1,413,530) and (three) staff core reduction from the Fiscal Year 2001 appropriation level.
- (\$93,758) and (two) staff transferred to the Division of Administrative Support, including (\$42,412) general revenue.
- (\$24,155) and (.50) staff transferred to the Office of Administration.

AGENCY-WIDE IMPLEMENTATION


A number of environmental issues are multi-faceted and require resources and expertise from several divisions within the Department of Natural Resources. To deal effectively with these issues, the department created the agency-wide implementation budgeting organization. Current activities of this program include audits of the federal programs operated by the department to comply with federal single audit regulations. Previous activities included recovery from flood-related damages.

Fiscal Year 2002 Governor's Recommendations

- \$1,650,000 and two staff for the Lewis and Clark Bicentennial Celebration.
- \$105,459 other funds for legal costs and expenses in accordance with court orders.
- \$1,050 other funds for pay plan.
- (\$3,000,000) other funds core reduction from the Fiscal Year 2001 appropriation level.
- (\$54,194) other funds and (one) staff transferred to the Division of State Parks.
- (\$31,480) other funds core reduction for one-time expenses.

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FY 2002 EXECUTIVE BUDGET

OFFICE OF ADMINISTRATION

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 A PPROPRIATION	FY 2002 REQUEST	GOVERNOR RECOMMENDS FY 2002
Commissioner's Office	\$ 1,040,767	\$ 1,317,770	\$ 1,726,908	\$ 1,662,268
Division of Accounting	2,959,177	3,153,674	3,863,889	3,405,155
Division of Budget and Planning	1,705,336	2,244,165	2,322,945	2,203,233
Division of Information Services	6,716,546	15,175,956	13,443,044	10,994,470
Division of Design and Construction	2,132,218	2,291,375	2,372,893	2,291,576
Division of Personnel	3,758,379	4,011,593	4,474,360	3,773,028
Division of Purchasing and Materials Management	5,682,810	5,510,127	5,345,449	5,105,220
Division of Facilities Management	33,898,908	54,881,970	57,033,639	54,936,892
Division of General Services	24,194,471	19,443,001	27,564,956	27,410,685
Administrative Hearing Commission	765,856	904,824	966,216	911,539
Children's Trust Fund	2,090,497	3,689,111	3,694,612	3,690,161
Missouri Children's Services Commission	65	10,000	10,000	10,000
Ethics Commission	1,161,662	1,739,402	1,692,577	1,666,303
Office of Information Technology	0	0	15,223,185	14,938,496
Employee Benefit Disbursements	456,047,394	518,507,923	585,482,752	581,873,133
Administrative Disbursements	53,953,923	67,055,373	66,679,638	64,210,216
Other Disbursements	5,844,834	2,246,435	1,461,435	4,694,759
TOTAL	\$ 601,952,843	\$ 702,182,699 *	\$ 793,358,498	\$ 783,777,134
General Revenue Fund	424,818,976	504,013,681	571,492,546	560,667,044
Federal Funds	85,379,647	95,071,701	108,421,455	107,993,127
Other Funds**	91,754,220	103,097,317	113,444,497	115,116,963
Full-time equivalent employees	1,032.92	1,110.97	1,147.47	1,109.29

* Does not include \$44,069 recommended in the Fiscal Year 2001 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding the Office of Administration's supplemental appropriations.

** These totals do not include appropriations from the Office of Administration revolving administrative trust fund and the state facility maintenance and operation fund because they are funded from inter-agency billings.

POLICY SUMMARY

The Office of Administration is the central state agency responsible for promoting government accountability, effectiveness, and efficiency. For Fiscal Year 2002, the Governor recommends an increase of \$81,591,047 for continued improvement in the use of state resources, employee benefits, and other responsibilities assigned to the Commissioner of Administration.

Some performance measures the Office Administration uses to evaluate its leadership in administering state operations follow:

	FY 1998	FY 1999	FY 2000
Percentage of minority state employees in upper salary ranges	7.97%	8.14%	8.11%
Percentage of women state employees in upper salary ranges	28.27%	30.78%	33.41%
Percentage of state government purchases from minorities	3.3%	4.5%	N/A
Percentage of state government purchases from women	N/A	3.6%	N/A
General Revenue reductions or redirections (millions)	\$137.8	\$127.8	\$167.2

E-GOVERNMENT: MOVING MISSOURI INTO THE 21ST CENTURY

The Office of Administration is dedicated to improving Missouri citizens' access to the services provided by state government by using the latest in technological advances. The concept of E-Government (states offering services online) has already taken hold in many states. For Missouri, the E-Government initiative has been spearheaded by the Office of Information Technology. This funding launches the State of Missouri into the world of E-Government initiatives and is a significant step towards moving Missouri forward electronically. We must meet the growing demand of citizens who are sophisticated technologically and demand access to government services on-line. This initiative also bolsters Missouri's competitive business advantage because industries are more likely to locate and re-locate in states where doing business online is not only possible but is commonplace.

To ensure that the state of Missouri meets the E-Government needs of state agencies and the citizens of Missouri in the most efficient and effective way, the Governor recommends \$20.6 million in one-time funding, including \$11.9 million general revenue, for E-Government projects. Highlights include:

- \$14.9 million and three staff to the Office of Administration to develop the E-Government infrastructure and oversee project implementation for other state agencies. This is the "delivery system" that will allow citizens a single point of access to all of state government's on-line services.
- \$4.5 million, including \$1,045,104 general revenue, to the Department of Elementary and Secondary Education to consolidate DESE entitlement and competitive grants. Administration and application processes will be streamlined and Internet applications that tie district planning to the Missouri School Improvement Program requirements will be created, thereby reducing the paperwork burden on local school districts.
- \$750,000 to the Department of Revenue to allow for on-line vehicle registration renewal, saving time for customers, improving cycle time, and reducing paper document flow.
- \$635,000 to the Department of Agriculture to consolidate applications of licensing, loans, product marketing, and voting systems.
- \$300,000 to the Department of Natural Resources for a Missouri Emissions Inventory System, to ensure that the state efficiently and accurately collects air pollution emission inventory data by phasing in a system that will take full advantage of Internet technology.
- \$300,000, including \$225,000 general revenue, for the Department of Social Services to continue developing and implementing the Division of Family Services' Background Screening/Investigation Unit and the Division of Aging's Employee Disqualification List (EDL). Funding will allow nursing homes, residential care facilities, and businesses to access the EDL and child abuse and neglect data through the Internet in a timely manner.

- \$200,000 to the Department of Health to web-enable the Birth System, which contains a record of all births in the state of Missouri since 1910. This funding will allow hospitals to enter data online via the Internet and citizens to order and pay for birth certificates online.

SMART TECHNOLOGICAL INVESTMENTS

The Office of Administration strives to improve the state's business processes in the areas of budget, finance, purchasing, and human resources. The Fiscal Year 2002 budget supports wise investments in technology - investments that will improve the productivity and effectiveness of state agencies, including:

- \$1,850,584, including \$220,449 general revenue, for hardware and software upgrades needed to service increased agency use of the State Data Center (SDC). The SDC provides cost effective, high-quality, secure mainframe data processing services, resources, and solutions to state departments. These upgrades will help maintain satisfactory services to departments and will provide adequate resources to satisfy increased SDC use.
- \$1,200,001 general revenue to continue implementation, development, and maintenance of the new statewide financial management system. The new system will reduce the use of paper and duplicative systems, and increase the quality and timeliness of information needed for making sound financial decisions.
- \$565,000 general revenue to complete the conversion of the legislature to the new human resources system in Fiscal Year 2002.
- \$500,810 general revenue for a budget preparation publishing integration tool to be used in conjunction with the statewide financial management system (SAM II). This tool will allow the state to integrate work processing documents with SAM II budget reports, in turn helping to create departmental budget submissions and an Executive Budget that provide better, more thorough information to the General Assembly and public.
- \$120,000 for the Division of Design and Construction to procure a technical document management system that will allow the integration of three separate software systems. This integration will allow for more efficient operation with regard to electronic distribution of proposal documents to potential bidders and will reduce duplicative data entry.
- \$79,677 for software licensing renewal fees and two additional servers needed in Fiscal Year 2002 to address continued growth of SAM II, as well as the continued implementation of the human resources component of the new system.

STATE EMPLOYEE COMPENSATION AND BENEFITS: To deliver high-quality services, the state must be able to compete for qualified, high-performing employees at all levels of government. State employee compensation policy is faced with two problems. First, state employee salaries are on average 11.3 percent below the market rate. The table below shows how employee salaries compare to the market based on various surveys and indexes.

<u>Survey/Index of Comparison</u>	<u>Cumulative Growth since July 1990</u>
American Compensation Assoc. Survey of Compensation	49.7 percent
Employment Cost Index	40.4 percent
Consumer Price Index	31.3 percent
State Employees - Uniform Classification and Pay System	36.8 percent

Second, the average percentage by which all classes are behind the market masks the fact that some jobs are paid at the market rate while others lag by more than 20-25 percent. This wide disparity makes it difficult for the state to recruit and retain employees in many job classes. Governor Holden is committed, within available funds, to providing fair and equitable compensation in state government to reward and retain productive employees. Although in Fiscal Year 2002, state revenue growth will not be sufficient to support a general compensation increase for state employees, significant increases for employee benefits are recommended by the Governor.

- Cost to continue Fiscal Year 2001 employee pay increase: \$12.8 million, including \$6.9 general revenue, to continue the \$35 per month salary increase state employees began receiving in January 2001 in accordance with the budget passed by the General Assembly last year.
- Increased life insurance benefits for state employees: \$2,531,400, including \$1,697,585 general revenue, for the state to provide an increased life insurance benefit to state employees. In Fiscal Year 2002, employee life insurance benefits will be increased from \$15,000 to an amount equal the employee's annual salary due to HB 1808 (2000).
- Missouri Consolidated Health Care Plan: \$51,083,877, including \$35,183,115 general revenue, for increased costs to the state for participation in the Missouri Consolidated Health Care Plan. In order to ameliorate the burden of rising health care costs placed on state employees, the state has assumed responsibility for a larger percentage of total health care cost per employee.

COMMISSIONER'S OFFICE

This organization consists of the Commissioner of Administration and the central staff, including the department's legal counsel, the state human relations officer, the Office of Equal Opportunity, and the Office of Excellence in Customer Service. The commissioner directs the one agency that provides central services and support to all other agencies of state government. These services include accounting, budget and planning, information services, building design and construction, leasing operations, facilities management, personnel, purchasing, and general services. The Office of Administration also houses the Office of Information Technology which directs statewide policy, procedures, and standards for information technology.

Fiscal Year 2002 Governor's Recommendations

- \$6,395 pay plan.
- \$283,165 and six staff reallocated from the Division of Purchasing and Materials Management.
- \$76,000 and one staff reallocated from the Divisions of Budget and Planning and General Services.
- \$7,332 transferred from the Division of Information Services.
- (\$28,394) core reduction from the Fiscal Year 2001 appropriation level.

DIVISION OF ACCOUNTING

The Division of Accounting maintains all financial records for state appropriations and funds, processes payments, controls production of warrants, and distributes checks. The division also issues warrants to the State Treasurer for expenditures and maintains computerized accounting, payroll, and check writing systems. Staff administer the Social Security Act for the state and political subdivisions. The division also provides financial data to executive and legislative officials.

Fiscal Year 2002 Governor's Recommendations

- \$256,500 for financial reporting to the Governmental Standards Accounting Board.
- \$16,905 for pay plan, including \$16,695 general revenue.
- \$12,076 transferred from the Division of Information Services.
- (\$34,000) and (one) staff core reduction from the Fiscal Year 2001 appropriation level.

DIVISION OF BUDGET AND PLANNING

The Division of Budget and Planning analyzes state government programs and provides recommendations and information to the Governor, General Assembly, and state agencies regarding fiscal and other policies. The division prepares the budget instructions, reviews all agency budget requests, makes funding recommendations to the Governor, and prepares the annual executive budget. Division staff analyze economic and demographic conditions, forecast state revenues, and conduct technical policy and program analysis. To assist in state government management, the division controls appropriation allotments, prepares legislative fiscal notes, evaluates programs, analyzes and develops policy options, and coordinates programs and the rulemaking process among agencies. The division prepares population estimates and projections required by state and local agencies and is Missouri's liaison to the United States Bureau of the Census. The division operates the State of Missouri Washington, D.C. office. In addition, the division uses federal grant funds for applied research in policy areas of statewide concern.

Fiscal Year 2002 Governor's Recommendations

- \$7,911 for pay plan.
- \$114,576 and two staff transferred from the Departments of Social Services, Economic Development, Agriculture, and Natural Resources for operating expenses of the State of Missouri, Washington, D.C. office.
- \$58,772 and one staff reallocated from the Division of Information Services.
- \$2,968 transferred from the Division of Information Services.
- (\$123,075) core reduction for one-time expenditures.
- (\$61,084) and (1.43) staff core reduction from the Fiscal Year 2001 appropriation level.
- (\$41,000) and (.5) staff reallocated to the Commissioner's Office.

DIVISION OF INFORMATION SERVICES

The Division of Information Services provides centralized computer processing services through the State Data Center (SDC), reviews departmental data processing plans, and manages the state telephone network. The division also approves the acquisition and disposition of computer equipment, provides procurement assistance to other state agencies, and provides data processing training for state employees.

This section provides mainframe computer processing services to the Office of Administration; Missouri Department of Transportation; Secretary of State; Departments of Revenue, Mental Health, Natural Resources, Insurance, Economic Development, and others. In addition, the consolidated SDC now provides services to the Departments of Social Services, Health, Labor and Industrial Relations, and the State Highway Patrol.

Fiscal Year 2002 Governor's Recommendations

- \$2,345,488 to continue implementation and maintenance of SAM II.

\$220,499 for state data center upgrades.

- \$161,646 and three staff for the E-Government initiative.
- \$25,188 for a within-grade correction to the Fiscal Year 2001 budget.
- \$16,359 for pay plan.
- (\$6,497,884) core reduction for one-time expenditures.
- (\$193,656) for (four) staff reallocated to the Office of Information Technology.
- (\$159,106) core reduction from the Fiscal Year 2001 appropriation level.
- (\$58,772) and (one) staff reallocated to the Division of Budget and Planning.
- (\$41,248) transferred to various OA divisions.

DIVISION OF DESIGN AND CONSTRUCTION

Staff of the division review plans and specifications for state construction, maintenance, and repair projects; select contracting architects and engineers; oversee capital improvements expenditures; provide information for the preparation of the capital improvements budget; and assist state agencies and institutions with building and renovation problems.

Fiscal Year 2002 Governor's Recommendations

- \$11,934 for a within-grade correction to the Fiscal Year 2001 budget.
- \$10,185 for pay plan.
- \$2,426 transferred from the Division of Information Services.
- 25 staff for continued management of the state's capital improvements program.
- (\$24,344) and (one) staff core reduction from the Fiscal Year 2001 appropriation level.
- (26) staff core reduction from the Fiscal Year 2001 appropriation level.

DIVISION OF PERSONNEL

The Division of Personnel provides central personnel management programs and services to all executive branch departments in compliance with the State Personnel Law and the principles of sound personnel management. Responsibilities include operation of the Missouri Merit System, position classification and compensation management, supervisory and management training, coordination of relations with employee unions, and providing personnel management expertise and other services to assist agencies.

The Personnel Advisory Board sets rules and regulations for the Merit System, approves classifications and pay plans, conducts appeal hearings for applicants and employees, and advises the Division of Personnel and the Governor on personnel administration.

Fiscal Year 2002 Governor's Recommendations

- \$19,500 for pay plan.
- \$165,182 and two staff reallocated from Uniform Classification and Pay general revenue transfer to the Division of Personnel.
- \$2,972 transferred from the Division of Information Services.
- (\$228,152) and (five) staff core reduction from the Fiscal Year 2001 appropriation level.
- (\$165,182) and (two) staff reallocated to the division from Uniform Classification and Pay.
- (\$32,885) reallocated from Uniform Classification and Pay transferred to the Missouri Consolidated Health

DIVISION OF PURCHASING AND MATERIALS MANAGEMENT

The Division of Purchasing and Materials Management centralizes procurement to save money by purchasing supplies, materials, and services in larger quantities and encourages competitive bidding and awards on all contracts. All of state government is served except the University of Missouri, Lincoln University, Truman State University, Missouri Department of Transportation, Judiciary, Lottery, and the General Assembly. It encourages the participation of suppliers, including small disadvantaged businesses, in the competitive bid process and ensures compliance with Chapter 34, RSMo. The division also coordinates recycling collection efforts of state agencies and administers the Recycling Products Preference Program. The materials management section recycles property among agencies and sells surplus state equipment through negotiated, sealed bids and auction sales. Surplus property sales receipts are used to pay the expenses of surplus property sales with the remaining receipts distributed to the appropriate state funds from which the equipment was purchased.

Fiscal Year 2002 Governor's Recommendations

- \$14,805 for pay plan, including \$10,080 general revenue.
- \$4,449 transferred from the Division of Information Services.
- (\$283,165) and (six) staff reallocated to the Commissioner's Office.
- (\$140,996) and (two) staff core reduction from the Fiscal Year 2001 appropriation level.

DIVISION OF FACILITIES MANAGEMENT

The Division of Facilities Management operates, maintains, and manages state-owned office buildings and various other structures at the seat of government and other locations within the state.

Leased Facilities Management - The division is also responsible for all leased property acquired for use by selected agencies statewide. The division is the operating agent for the Office of Administration responsible for the acquisition of necessary space through the lease process. A competitive public bid process is used to acquire leased space.

Fiscal Year 2002 Governor's Recommendations

- \$262,684 increase to the general revenue transfer to the Office of Administration revolving administrative trust fund for leasing administrative costs.
- (\$59,592) and (1.25) staff core reduction from the Fiscal Year 2001 appropriation level.
- 6.03 staff reallocated from Building Operations.

Board of Public Buildings Debt Service - Beginning in Fiscal Year 1987, the funds for debt service appropriated to individual buildings were transferred to this appropriation specifically to pay principal, interest, and reserve requirements on the outstanding bonds.

Fiscal Year 2002 Governor's Recommendations

- \$24,999 for arbitrage related expenses.

State Office Buildings General Revenue Transfer - This appropriation is recommended so that funds other than

general revenue can be utilized for state office buildings. The same funds that support the activity of state employees in state office buildings are charged for the cost of operating and maintaining the offices. In this way, the amount of general revenue can be reduced and more appropriate funds can carry their share of the cost of these buildings. Through the transfer mechanism, general revenue will be transferred into the operating accounts as state facility maintenance and operation funds at the beginning of the fiscal year. Other state funds will then be transferred to general revenue as appropriate during the fiscal year to offset that share of the cost of office space used by staff paid by other funds.

Fiscal Year 2002 Governor's Recommendations

- \$72,873 increase to the general revenue transfer to the Office of Administration state facilities maintenance and operations fund for state office building operations and seat of government expenses.
- \$630 for pay plan, including \$204 general revenue.
- (\$246,672) core reduction from the Fiscal Year 2001 appropriation level.
- Six staff for operation of a newly acquired state facility.
- (3.03) staff core reduction from the Fiscal Year 2001 appropriation level.

DIVISION OF GENERAL SERVICES

The division provides agencies with a variety of services such as printing, administration of the legal expense fund and the state employee Workers' Compensation Program, a central vehicle maintenance facility, forms management, and flight operations. The Division of General Services also provides staff to administer activities of the Missouri Public Entity Risk Management Fund, a liability insurance pool for Missouri public entities.

Fiscal Year 2002 Governor's Recommendations

- \$4,750,000 for increased workers' compensation benefits and related costs.
- \$3,000,000 for aircraft replacement.
- \$450,000 state highway department fund for increased costs from the legal expense fund.
- \$9,555 for pay plan.
- \$3,155 transferred from the Division of Information Services.
- (\$110,026) and (three) staff core reduction from the Fiscal Year 2001 appropriation level.
- (\$100,000) other funds core reduction from the Fiscal Year 2001 appropriation level.
- (\$35,000) and (.5) staff reallocated to the Commissioner's Office.

ADMINISTRATIVE HEARING COMMISSION

The Administrative Hearing Commission conducts pre-hearing conferences and full evidentiary hearings throughout Missouri, making findings of fact and conclusions of law relative to appeals and complaints. The commission's jurisdiction includes appeals of decisions made by the professional licensing boards and taxpayers' appeals of decisions made by the Department of Revenue; the Division of Liquor Control; the Missouri Health Facilities Review Committee; the Personnel Advisory Board; and the Departments of Mental Health, Health, and Social Services.

Fiscal Year 2002 Governor's Recommendations

- \$3,780 for pay plan.

\$2,935 transferred from the Division of Information Services.

CHILDREN'S TRUST FUND

The Children's Trust Fund and Children's Trust Fund Board are established to facilitate and fund the development of community-based prevention programs to strengthen families and prevent child abuse and neglect, and to provide public education about the problem of child abuse and its prevention. The Children's Trust Fund Board has developed a long-range plan which is reviewed annually. Activities of the Children's Trust Fund are divided into two broad areas: public education, and program development and funding. Each includes an array of programs to meet the goals of the board.

Public education: development and coordination of a statewide volunteer Speakers Bureau, development and distribution of public service announcements for television and radio, a quarterly newsletter, implementation of an annual poster contest with grade school children emphasizing positive characteristics of families, special events to promote positive family life and encourage taxpayer contributions to the Children's Trust Fund on their Missouri state income tax returns, publication of parenting information which is distributed to all new parents in Missouri, distribution of literature to the general public, fund development, and annual public education campaigns.

Program development and funding: development and coordination of a volunteer peer mentoring program to promote excellence in community-based prevention programs; workshops and conferences on proposal writing, program evaluation, and strategic planning for community programs; technical assistance for community groups and organizations; a monthly newsletter to prevention organizations; facilitation and support of a network of state agencies which provide funding for community organizations; facilitation of a state-funded network to coordinate activities among agencies funding community services to families; demonstration program funding for special issues such as preventing child abuse and neglect among families affected by substance abuse; funding of community-based prevention programs; annual program evaluation; publication of evaluation results and recommendations for future program development; a free-loan resource library available to the general public and professionals; and supervision of the largest statewide VISTA volunteer network in Missouri.

Fiscal Year 2002 Governor's Recommendations

- \$1,050 other funds for pay plan.

MISSOURI CHILDREN'S SERVICES COMMISSION

The Missouri Children's Services Commission Fund was established to receive grants, gifts, bequests, and federal grants to support the activities of the Children's Services Commission in accordance with Sections 210.101 through 210.103, RSMo.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

MISSOURI ETHICS COMMISSION

The Missouri Ethics Commission was established in accordance with the provisions in SB 262 (1991). The

commission is composed of six members, not more than three from the same political party. The responsibilities of the commission encompass those originally given to the Missouri Campaign Finance Review Board, along with the campaign reporting requirements formerly with the Campaign Reporting Division of the Secretary of State. The commission is responsible for receiving and maintaining lobbyist reports, personal financial disclosures, and election reports. It must investigate reports of campaign and ethical violations, develop ethical standards, and make determinations of allegations of ethical violations.

Fiscal Year 2002 Ethics Commission

- \$50,000 for funding for prosecution services.
- \$24,108 for repositioning and salary increase.
- \$19,000 for scanning equipment.
- \$5,608 for a within-grade correction to the Fiscal Year 2001 budget.
- \$5,250 for pay plan.
- \$2,935 transferred from the Division of Information Services.
- (\$180,000) core reduction for one-time expenditures.

OFFICE OF INFORMATION TECHNOLOGY

The Office of Information Technology was established July 1, 1995, in response to a recommendation of the Commission on Management and Productivity for statewide control and planning relating to information technology in Missouri state government. The office's objectives include: implementing an information technology strategic planning process that supports agency-specific strategic planning; directing the statewide adoption of policy, procedures, and standards relating to information technology; and reviewing agency technology budgets.

Fiscal Year 2002 Governor's Recommendations

- \$14,744,000, including \$10,739,550 general revenue, for implementation and oversight of the statewide E-Government initiative.
- \$193,656 and four staff reallocated from the Division of Information Services.
- \$840 for pay plan.

EMPLOYEE BENEFIT DISBURSEMENTS

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	FY 2002 REQUEST	GOVERNOR RECOMMENDS FY 2002
State Contribution to Old Age and Survivors Disability and Health Insurance Taxes	\$ 131,390,304	\$ 139,500,000 E	\$ 138,392,106 E	\$ 139,780,000 E
State Contribution to Missouri State Employees' Retirement System	197,262,971	202,800,000 E	205,342,280 E	215,197,000 E
State Contribution to Missouri Consolidated Health Care Plan	109,523,466	157,000,000 E	222,545,233 E	207,693,000 E
Teacher Retirement Contributions	2,981,803	3,641,600 E	3,680,060 E	3,680,060 E
Deferred Compensation Program	11,566,726	12,302,872 E	12,302,872 E	12,302,872 E
Reimbursement for Unemployment Benefits	2,351,428	2,495,451 E	2,452,201 E	2,452,201 E
Taxes Withheld in Error	9,358	36,000 E	36,000 E	36,000 E
Voluntary Life Insurance	961,338	732,000 E	732,000 E	732,000 E
TOTAL	\$ 456,047,394	\$ 518,507,923	\$ 585,482,752	\$ 581,873,133
General Revenue Fund	289,725,667	332,217,372	379,927,694	375,052,372
Federal Funds	82,108,518	91,566,700	103,221,042	102,794,700
Other Funds	84,213,209	94,723,851	102,334,016	104,026,061

CONTRIBUTION TO O.A.S.D.H.I. TAXES

The state of Missouri pays the employer's share of Federal Old Age and Survivors Disability and Health Insurance contributions on the salaries of all state employees, with the exception of employees of the state universities and four-year colleges. These funds are transferred to a contribution fund for matching payments to the Social Security Administration.

Fiscal Year 2002 Governor's Recommendations

- \$2,286,984, including \$975,406 general revenue, to fund contributions for state employees.
- \$32,599 other funds transferred in from various departments.
- (\$1,114,583) transferred out to Department of Labor and Industrial Relations for fringe benefits, including (\$42,406) general revenue.
- (\$925,000) core reduction from the Fiscal Year 2001 appropriation level.

CONTRIBUTION TO MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM

The state of Missouri provides a fully funded retirement program for employees through a contribution of a specified percentage of members' wages to the Missouri State Employees' Retirement System. Included in the state's contribution is a payment per month per eligible employee to the Missouri State Employees' Benefit Plan (life insurance program) and a payment for long-term disability premiums.

The contribution also includes payments of monthly benefits of certain retired state employees and payment of the state's contribution of monthly retirement benefits and survivor benefits of elected officials, legislators, judges, administrative law judges, and certain teachers transferring from the Public School Retirement System.

Fiscal Year 2002 Governor's Recommendations

- \$9,837,587, including \$6,200,415 general revenue, to fund contributions for state employees.
- \$2,531,400, including \$1,697,585 general revenue, for increased basic life insurance rates.
- \$28,013 other funds transferred in from various departments.

MISSOURI CONSOLIDATED HEALTH CARE PLAN

The Missouri Consolidated Health Care Plan took over the administration of health care benefits for state employees effective January 1, 1994. Beginning January 1, 1995, municipalities and other public entities could join the Missouri Consolidated Health Care Plan as well, building a larger pool of members and greater bargaining power for lower cost medical services.

Fiscal Year 2002 Governor's Recommendations

- \$51,083,877 to fund contributions for state employees, including \$35,183,115 general revenue.
- \$32,885 reallocated from Uniform Classification and Pay transferred to the Missouri Consolidated Health Care Plan.
- \$19,238 other funds transferred in from various departments.
- (\$443,000) core reduction from the Fiscal Year 2001 appropriation level.

TEACHER RETIREMENT CONTRIBUTIONS

Section 104.342, RSMo has been revised to provide that the Commissioner of Administration shall requisition monthly and certify the payment of contributions to the Public School Retirement System (PSRS). Authority to transfer and expend these monies is required to comply with the statutory provisions. Certified teachers involved are employed by the Department of Elementary and Secondary Education and remain members of the PSRS.

Fiscal Year 2002 Governor's Recommendations

- \$38,460 other funds to establish an additional funding source for payment of teacher retirement benefits.

DEFERRED COMPENSATION PROGRAM

The Missouri State Public Employees Deferred Compensation Commission, as established by Sections 105.900 to 105.925, RSMo, provides indirect compensation to state employees in the form of tax-deferred income. Section 105.927 allows the state to credit \$25.00 per month to qualified participants in the plan. The monies transferred must be paid to the various deferred compensation plans. Matching payments were made available as of January 1, 1996.

Fiscal Year 2002 Governor's Recommendations

- Continue funding at current level of \$25 match payment.

DISBURSEMENT FOR UNEMPLOYMENT BENEFITS

The state of Missouri, as a governmental entity, is required to pay contributions to the Division of Employment Security as specified by law so that unemployment claims may be paid to former employees. A governmental entity may elect to either pay contributions in advance based on a statutory formula or to reimburse the Division of Employment Security for actual claims paid out to former employees. The state of Missouri utilizes the reimbursement for actual claims paid option. By using this deferred method of payment and one central appropriation, the state simplifies the administration of unemployment benefits.

Fiscal Year 2002 Governor's Recommendations

- \$156,000 for increased disbursements.
- (\$199,250) federal and other funds core reduction from the Fiscal Year 2001 appropriation level.

TAXES WITHHELD IN ERROR

The Office of Administration's Division of Accounting is responsible for the withholding of federal, state, and local taxes from state employees' pay. This appropriation authority is required to refund to employees taxes withheld in error.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

VOLUNTARY LIFE INSURANCE

HB 882 (1993) established the State Employees' Voluntary Life Insurance Commission to provide voluntary life insurance products to state employees. The bill specifies that monies withheld from state employees' pay for insurance products be deposited to the Missouri State Employees' Voluntary Life Insurance Fund. This appropriation provides expenditure authority to distribute the monies withheld to the various life insurance companies as designated by the employees.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

ADMINISTRATIVE DISBURSEMENTS

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 A P P R O P R I A T I O N	FY 2002 R E Q U E S T	GOVERNOR RECOMMENDS FY 2002
Flood Control Lands Funds	\$ 869,578	\$ 815,000 E	\$ 865,000 E	\$ 865,000 E
National Forest Reserve Funds	2,226,883	2,415,000 E	2,415,000 E	2,415,000 E
Clarence Cannon Payment	541,796	700,000	700,000	700,000
MoHEFA Debt Service	8,320	10,000 E	10,000 E	10,000 E
New Jobs Training Certificates	0	1 E	1 E	1 E
Cash Management Improvement Act	1,763,647	1,400,000 E	1,764,000 E	1,400,000 E
County Juvenile Personnel Reimbursements	4,992,820	11,376,560	9,500,000	9,500,000
Compact for Education	70,500	75,900	78,800	78,800
Convention and Sports Complex Projects	17,000,000	17,000,000	17,000,000	17,000,000
Lewis and Clark 2004	22,475	0	0	0
GASB Dues	25,289	26,100	26,100	26,100
Public Administrator Secretaries	0	110,820	214,745	0
Missouri Express	0	0	980,000	0
County Prosecution Reimbursements	13,250	44,000 E	44,000 E	44,000 E
Costs in Criminal Cases	24,765,253	30,700,000 E	30,700,000 E	30,680,000 E
Jury Costs	53,292	468,000	468,000	468,000
Missouri Citizen's Commission on Compensation for Elected Officials	7,365	25,000	25,000	0
Regional Planning Commissions	388,000	630,000	630,000	630,000
Claims Against the Escheats Fund	283,031	300,000 E	300,000 E	300,000 E
Public Television Grants	922,424	958,992	958,992	93,315
DISBURSEMENTS TOTAL	\$ 53,953,923	\$ 67,055,373	\$ 66,679,638	\$ 64,210,216
General Revenue Fund	50,574,431	63,475,373	63,049,638	60,580,216
Federal and Other Funds	3,096,461	3,280,000	3,330,000	3,330,000
Claims Against the Escheats Fund	283,031	300,000	300,000	300,000

FLOOD CONTROL LANDS FUNDS

The Flood Control Lands Grant is a "pass-through" of funds that represents 75 percent of the monies from leases of the land owned by the United States under the Flood Control Act. Sections 12.080 and 12.090, RSMo prescribe that the funds be used for the benefit of public schools and public roads of the county in which the government land is situated. These funds also may be used for any expenses of the county government, including public obligations of levee and drainage districts for flood control and drainage improvements.

Fiscal Year 2002 Governor's Recommendations

- \$50,000 federal funds for increased distributions to counties leasing land under the Flood Control Act.

NATIONAL FOREST RESERVE FUNDS

The National Forest Reserve Grant is a "pass-through" of funds which is received from the federal government. Sections 12.070 and 12.090, RSMo provide for 25 percent of all the money received by the National Forest Reserve by the state to be expended for the benefit of the public schools and public roads of the county in which the forest reserve is located. Of the total received, 75 percent will be spent for public schools and 25 percent for public roads.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

CLARENCE CANNON PAYMENT

A contract with the U.S. Army Corps of Engineers, developed with the concurrence of the executive and legislative branches, requires that the state pay a share of the cost of water supply storage in Mark Twain Lake on the Salt River in northeastern Missouri. The contract results from a request by the state for the Corps to build water supply storage into the Clarence Cannon Dam project to meet water needs of that part of Missouri which has been chronically short of potable water.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

MISSOURI HEALTH AND EDUCATIONAL FACILITIES AUTHORITY DEBT SERVICE

The Missouri Health and Educational Facilities Authority (MoHEFA) has issued \$39,999,569.14 in Series A 1989 Missouri College Savings Bonds to fund building projects at the University of Missouri pursuant to HB 19 (1988), Sections 19.007, 19.009, 19.012, and 19.015 and Section 360.046, RSMo.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

NEW JOBS TRAINING CERTIFICATES

Sections 178.892 to 178.896, RSMo established the New Jobs Training Program. Businesses establishing new jobs in the state can enter into an agreement with a community college district to provide training for new employees. The training is funded from the proceeds of new jobs training certificates issued by community college districts. The debt service on the certificates is payable from the employees' Missouri income tax withholding credits. If the business would sharply decrease or eliminate its operations, funds may not be available to meet debt service costs.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

CASH MANAGEMENT IMPROVEMENT ACT

The federal Cash Management Improvement Act of 1990 and 1992 requires that the state pay interest on certain federal grant monies while deposited in the State Treasury. Interest is calculated and paid at the daily equivalent of the annualized 13-week average Treasury Bill rate.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

COUNTY JUVENILE PERSONNEL REIMBURSEMENTS

The state is required to reimburse specified counties for the salary of a chief deputy juvenile officer and one deputy juvenile officer. Since Fiscal Year 1991, counties have had the option of being reimbursed for these two positions or a percentage of all juvenile court personnel. In Fiscal Year 2001, the state will finish making reimbursements under prior statutes and will begin reimbursing First Class counties pursuant to Sections 211.393 and 211.394, RSMo.

Fiscal Year 2002 Governor's Recommendations

- (\$1,876,560) core reduction from the Fiscal Year 2001 appropriation level.

COMPACT FOR EDUCATION

The payment of dues for the Compact for Education allows Missouri to maintain a position of leadership and cooperation with other states in the field of education. The Compact for Education serves as a clearinghouse for information on matters relating to educational issues. The Education Commission of the States consists of seven representatives from each state, of which one member shall be the Governor, two shall be members of the state legislature, and four shall be appointed by the Governor. The commission fosters research and suggests policies and plans for the improvement of public education as a whole.

Fiscal Year 2002 Governor's Recommendations

- \$2,900 for increased Compact for Education dues.

CONVENTION AND SPORTS COMPLEX PROJECTS

SB 295 (1989) authorizes annual appropriations of state matching funds for convention and sports complex capital projects in certain cities and counties. Ongoing projects include: Jackson County Sports Complex Stadium, \$3,000,000; Bartle Hall, \$2,000,000; and Transworld Dome, \$12,000,000.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD DUES

The Governmental Accounting Standards Board (GASB) was organized in 1984 to establish financial reporting

standards for activities and transactions of state and local governments. Each state is assessed dues for support of the organization.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

COUNTY REIMBURSEMENTS FOR PUBLIC ADMINISTRATOR SECRETARIES

The state may provide reimbursements to counties for payment of Public Administrators' secretaries' salaries in counties containing mental hospitals.

Fiscal Year 2002 Governor's Recommendations

- (\$110,820) core reduction from the Fiscal Year 2001 appropriation level.

COUNTY PROSECUTION REIMBURSEMENTS

The state may provide reimbursement to counties for expenses incurred in the prosecution of crimes occurring within correctional institutions and expenses of trials of capital cases in limited circumstances.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

COSTS IN CRIMINAL CASES

In accordance with Chapters 550 and 548 and Section 57.290, RSMo, the state pays counties and sheriffs for court costs of indigents in criminal cases and costs of incarceration, transporting prisoners to state prisons, and serving extradition warrants.

Fiscal Year 2002 Governor's Recommendations

- (\$20,000) transferred to the Judiciary for interpreter assistance fees.

COUNTY REIMBURSEMENTS FOR JURY COSTS

The state is required by Section 494.455(2), RSMo to reimburse counties for a portion of the expenses incurred for jury fees.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

MISSOURI CITIZEN'S COMMISSION ON COMPENSATION FOR ELECTED OFFICIALS

In November 1994, Missouri voters adopted Amendment 5 which established the Missouri Citizen's Commission on Compensation for Elected Officials. The 22-member commission, beginning in 1996 and every two years thereafter, reviews duties and salaries of elected state officials, members of the legislature, and state judges and sets compensation for the positions.

Fiscal Year 2002 Governor's Recommendations

- (\$25,000) core reduction from the Fiscal Year 2001 appropriation level.

REGIONAL PLANNING COMMISSIONS

State financial aid enables local governments, through regional planning commissions, to initiate programs and services identified as important by member governments. State funds are matched by local funds.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

CLAIMS AGAINST THE ESCHEATS FUND

This fund provides for the disposition of unclaimed funds from estates. Funds unclaimed for 21 years are transferred to the public school fund. Monies in the fund are invested by the State Treasurer and the interest earnings are transferred to the public school fund.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

PUBLIC TELEVISION AND PUBLIC RADIO GRANTS

Funds are distributed through these grants to Missouri public television stations and public radio stations for assistance in operating costs.

Fiscal Year 2002 Governor's Recommendations

- (\$865,677) core reduction from the Fiscal Year 2001 appropriation level.

MISCELLANEOUS DISBURSEMENTS

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	FY 2002 REQUEST	GOVERNOR RECOMMENDS FY 2002
Land Grant College Program	\$ 0	\$ 1 E	\$ 1 E	\$ 1 E
Article X Refund Finance	1,300,622	750,000	0	0
Human Resources Contingency	0	0	1	1
Maximization of Federal Revenues	0	100,000	100,000	0
Operational M&R Transfer	0	0	0	3,519,322
Elected Officials Transition	0	135,000	0	0
Special Election Costs	4,284,000	1,061,431 E	1,061,430 E	875,431 E
Audit Recovery Distribution	60,212	0	100,000	\$ 100,000
Cafeteria Plan Transfer	200,000	200,000	200,000	200,000
Budget Reserve Interest	0	1 E	1 E	2 E
Fund Corrections	0	2 E	2 E	2 E
DISBURSEMENTS TOTAL	\$ 5,844,834	\$ 2,246,435	\$ 1,461,435	\$ 4,694,759
General Revenue Fund	5,844,834	2,246,433	1,461,433	4,694,756
Federal and Other Funds	0	1	1	1
Other Funds	0	1	1	2

LAND GRANT COLLEGE PROGRAM

Land grants are intended for the colleges of agriculture and mechanical arts eligible for federal funding support as provided by acts of Congress in 1899 and 1907. In accordance with Section 172.730, RSMo, distribution of the grant is made in the following manner: 1/16 of total to Lincoln University; 1/4 of total to the University of Missouri-Rolla; and the balance to the University of Missouri-Columbia.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

ARTICLE X REFUND FINANCE

Some state funds may be unable to support refunds to taxpayers under the provisions of Article X to the Missouri Constitution without endangering the programs for which they were established. This appropriation is intended to provide relief to those funds and programs.

Fiscal Year 2002 Governor's Recommendations

- (\$750,000) core reduction from Fiscal Year 2001 appropriation level.

HUMAN RESOURCES CONTINGENCY FUND TRANSFER

This transfer section has been added to ensure that payroll checks submitted for payment against accounts with temporary allotment or fund cash flow problems can be generated within the time constraints of pay period processing.

Fiscal Year 2002 Governor's Recommendations

- \$1 to ensure timely pay-period processing.

MAXIMIZATION OF FEDERAL REVENUES

This appropriation is to allow special projects to ensure that the state is receiving all the federal funds for which it is eligible.

Fiscal Year 2002 Governor's Recommendations

- (\$100,000) core reduction from the Fiscal Year 2001 appropriation level.

STATEWIDE OPERATIONAL MAINTENANCE AND REPAIR TRANSFER

This section allows for the transfer of general revenue into departmental operating budgets for statewide maintenance and repair appropriations.

Fiscal Year 2002 Governor's Recommendations

- \$3,519,322 to fund operational maintenance and repair statewide.

ELECTED OFFICIALS TRANSITION

The state provides operating costs for the transition into office of newly elected state officials, including the Governor, Lieutenant Governor, Secretary of State, Auditor, Treasurer, and Attorney General.

Fiscal Year 2002 Governor's Recommendations

- (\$135,000) core reduction from the Fiscal Year 2001 appropriation level.

SPECIAL ELECTION COSTS

Section 115.077, RSMo requires the state and political subdivisions submitting questions or candidates in a special election to deposit their proportional share of the costs with the election authority not later than the third Tuesday prior to the election. This appropriation allows the state to comply with the law by prepaying its share of the estimated expenses of a special election. The state is also required to reimburse local election authorities for certain other expenses attributable to changes in state law. Should a special election be called, expenditures made from this appropriation will be transferred to the state election subsidy fund for disbursement.

Fiscal Year 2002 Governor's Recommendations

- (\$186,000) core reduction from the Fiscal Year 2001 appropriation level.

AUDIT RECOVERY DISTRIBUTION

A mechanism to allow the distribution of a percentage of monies recovered by the state to the audit firm that recovers the money.

Fiscal Year 2002 Governor's Recommendations

- \$100,000 for the state to contract with an audit recovery firm to analyze previous years' payments for duplicate payments or credits owed the state.

CAFETERIA PLAN TRANSFER

The state offers a tax reduction plan for state employees. The federal government requires the state to provide a sufficient balance in the medical expenses category for timely reimbursements to plan participants.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

BUDGET RESERVE INTEREST

In the event that the general revenue fund borrows money from the budget reserve fund, general revenue must repay the loan with interest. This mechanism will allow that to happen.

Fiscal Year 2002 Governor's Recommendations

- \$1 other funds for the budget reserve transfer.

OTHER FUND CORRECTIONS

A transfer section is needed as a mechanism by which corrections can be made when money is erroneously deposited into the wrong fund.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

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FY 2002 EXECUTIVE BUDGET

DEPARTMENT OF PUBLIC SAFETY

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 A P P R O P R I A T I O N	FY 2002 REQUEST	GOVERNOR RECOMMENDS FY 2002
Office of the Director	\$ 27,080,563	\$ 43,543,530	\$ 47,628,648	\$ 45,513,574
Capitol Police	1,265,986	1,536,279	1,712,866	1,497,310
State Highway Patrol	136,578,361	158,020,881	201,308,342	169,614,066
State Water Patrol	6,330,615	6,983,548	9,517,625	6,870,758
Division of Liquor Control	3,637,063	4,125,806	4,489,749	4,132,696
Division of Fire Safety	2,866,048	3,159,628	3,532,445	3,204,286
Division of Highway Safety	5,406,812	8,053,288	18,705,078	9,088,406
Missouri Veterans' Commission	28,871,732	40,826,645	49,438,973	46,895,148
Missouri Gaming Commission	15,694,903	20,016,168	20,721,571	20,479,240
Adjutant General	35,337,173	33,917,167	44,818,367	37,935,634
DEPARTMENTAL TOTAL	\$ 263,069,256	\$ 320,182,940 *	\$ 401,873,664	\$ 345,231,118
General Revenue Fund	47,248,297	54,428,420	88,118,124	53,923,466
Federal Funds	56,710,959	77,727,654	104,743,671	88,604,040
Gaming Commission Fund	16,424,686	20,714,805	21,501,985	21,259,654
Missouri Veterans' Homes Fund	19,321,175	30,383,963	35,425,511	34,761,626
State Highways and Transportation Department Fund	105,425,672	112,264,744	124,024,922	115,685,220
Other Funds	17,938,467	24,663,354	28,059,451	30,997,112
Full-time equivalent employees	3,931.31	4,501.86	4,720.75	4,575.05

* Does not include \$11,880,909 recommended in the Fiscal Year 2001 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding Department of Public Safety supplemental appropriations.

POLICY SUMMARY

The Department of Public Safety is charged with protecting the people of Missouri from crime and other dangers. To fulfill this vital mission, the department performs critical duties including crime prevention, law enforcement, and disaster mitigation and response. The department operates on land, water, and by air on an around-the-clock basis. Governor Holden's Fiscal Year 2002 budget targets new funding to enhance the ability of the department to fulfill its mission effectively and efficiently.

COMBATING DRUGS: Methamphetamine is the most prevalent controlled substance clandestinely manufactured in the United States. Because of its central location as a transportation crossroads, Missouri has become a target of drug thugs that make and sell this insidious substance. Drug dealers are also aggressively pushing the illegal drug known as ecstasy, the use of which has grown among teenagers and young adults.

Governor Holden recognizes the dangers to society posed by all illegal drugs and proposes a comprehensive strategy to stop this threat to public safety through additional education/prevention measures, treatment services, and law enforcement resources. The Fiscal Year 2002 budget includes an additional \$2,606,685 for the following initiatives:

- \$900,000 for a Missouri Meth/Ecstasy Initiative to promote public awareness/education about the dangers of meth and ecstasy, and to supply equipment to multi-jurisdictional drug task forces.
- \$700,598 for a 14-bed residential treatment program for a nine county area in northern Missouri. This funding is included in the Department of Mental Health section of the Missouri Budget.
- \$544,260 and nine Highway Patrol staff to collect and analyze crime data from all law enforcement agencies in the state. This will help law enforcement agencies to identify emerging crime trends sooner and to allocate resources in the most effective manner to prevent crime.
- \$250,000 for the Missouri Statewide Police Intelligence Network (MOSPIN), a secure, computerized system that will permit authorized local, state, and federal law enforcement authorities to share crime intelligence reports.
- \$187,827 to develop a school-based prevention program in conjunction with the Department of Elementary and Secondary Education. This funding is included in the Department of Mental Health section of the Missouri Budget.
- \$24,000 for a Highway Patrol crime lab fuming hood used to vent toxic fumes that result from a process used to enhance latent fingerprints.

Some performance measures the Department of Public Safety uses to evaluate progress in stemming the use of illegal drugs follow.

	FY 1997	FY 1998	FY 1999
Number of fatal crashes related to drugs	20	24	14
Number of injury crashes related to drugs	281	289	304
Number of meth lab seizures	740	483	615

CRIME FIGHTING EFFORTS: While we have made major strides in reducing crime in Missouri, crime remains a problem. Governor Holden is committed to making sure the state meets its fundamental obligation to protect citizens from criminals. The Governor recommends the following Fiscal Year 2002 budget initiatives to equip law enforcement agencies and provide assistance to victims of crime.

- \$8,404,451 for mobile computing devices that will provide Highway Patrol officers timely access to driver and criminal history information and permit collection of racial profiling data.
- \$3,000,000 for domestic violence shelter renovation and improvement grants.
- \$1,324,199 for computer re-engineering of the Statewide Traffic Accident Reporting System.
- \$852,095 and three staff to enhance Missouri's criminal history reporting system through the National Criminal History Improvement Program.
- \$533,226 for additional Highway Patrol enforcement efforts related to DWI offenders and highway construction zone safety projects.

- \$200,000 to upgrade the Automated Fingerprint Identification System to permit electronic submission of fingerprints.

Some performance measures the Department of Public Safety uses to evaluate state and local efforts in the fight against crime follow.

	FY 1997	FY 1998	FY 1999
Missouri rate of crimes against persons per 100,000 population	569	552	501
National rate of crimes against persons per 100,000 population	611	566	525
Missouri rate of crimes against property per 100,000 population	4,290	4,307	4,122
National rate of crimes against property per 100,000 population	4,319	4,049	3,742
Missouri rate of intimate homicides per 100,000 population	.61	.53	N/A
National rate of intimate homicides per 100,000 population	.62	.68	N/A
Missouri rate of murders per 100,000 population	7.8	7.4	6.5
Missouri rate of aggravated assaults per 100,000 population	377	368	337
Missouri rate of domestic violence reports per 100,000 population	815	797	754

MISSOURI NATIONAL GUARD SUPPORT: The Missouri National Guard serves a unique, dual mission. Guard units may be activated for federal service in time of war and are also available for duty in Missouri when called upon by the Governor. The Guard proved to be an invaluable asset during the severe flooding of 1993 and 1995, protecting lives and property in numerous Missouri communities. The Governor's Fiscal Year 2002 budget invests substantial new resources to expand and enhance services provided by the Guard including:

- \$3,000,000 for administration of the World War II Veterans' Recognition Program.
- \$862,400 to expand the National Guard educational assistance program.
- \$388,196 and 17 staff for security, maintenance, and grounds-keeping functions at Guard installations throughout the state.
- \$145,096 for the Challenge Youth Program, an intensive, 22-week program designed to assist at-risk youth ages 17-19 to obtain general equivalency diplomas and then move on to college or the workplace.
- \$77,244 for staff, equipment, and utility costs associated with operation of new armories at St. Peters and St. Ann.

Some performance measures the Department of Public Safety uses to measure the readiness of the Missouri National Guard follow.

	FY 1998	FY 1999	FY 2000
Missouri authorized strength (determined by U.S. Department of Defense)	11,531	11,151	10,928
Missouri actual strength (number of Guard soldiers in Missouri)	10,063	10,149	10,588
Percent of authorized strength	87.3%	91.0%	96.9%

CARING FOR MISSOURI VETERANS: Missourians have served with distinction in the armed forces of our nation, placing their lives at risk in order to preserve our freedom. Governor Holden recognizes the special debt owed to these guardians of liberty. The Fiscal Year 2002 budget includes additional resources to expand services provided by the Missouri Veterans' Commission including:

- \$2,000,000 for veterans' memorial renovation and construction grants.
- \$1,110,434 for increased pharmaceutical costs at veterans' homes.
- \$940,212 and 21 additional nursing staff for resident care services in veterans' homes.
- \$354,124 for operation of two new veterans' cemeteries at Bloomfield and Jacksonville.
- \$183,697 and six staff for community-based outpatient clinics.
- \$20,000 for assistance to veterans applying for World War II service recognition awards.

Some performance measures the Department of Public Safety uses to evaluate the degree to which veterans' home residents are satisfied with the quality of care provided follow.

	FY 1998	FY 1999	FY 2000
Resident satisfaction survey – St. James Home	92.6%	85.4%	85.1%
Resident satisfaction survey – Mexico Home	87.7%	87.1%	83.8%
Resident satisfaction survey – Mt. Vernon Home	89.2%	95.6%	95.6%
Resident satisfaction survey – St. Louis Home	96.4%	79.6%	82.1%
Resident satisfaction survey – Cameron Home	N/A	N/A	91.1%
Resident satisfaction survey – Cape Girardeau Home	85.4%	92.6%	94.3%
Number of individuals on the resident waiting list	630	580	860

OFFICE OF THE DIRECTOR/CRIMINAL JUSTICE PROGRAMS UNIT

The Director's Office provides the central budgeting, finance, and personnel control to ensure efficient use of available resources. Staff members plan, review, and evaluate programs to coordinate the state's public safety and law enforcement efforts and to promote cooperation among local, state, and federal agencies. In addition, the criminal justice programs unit oversees the implementation of programs relating to safe schools, community-oriented policing, juvenile justice, domestic violence, peace officers standards, witness protection, forensic laboratories, narcotics control, and crime victims assistance.

Fiscal Year 2002 Governor's Recommendations

- \$3,000,000 for renovation and improvement of domestic violence shelters.
- \$900,000 for the Missouri Meth/Ecstasy Initiative, including \$225,000 general revenue.
- \$250,000 federal funds for an intelligence sharing system.
- \$9,032 for pay plan, including \$6,534 general revenue.
- (\$1,137,568) core reduction for one-time expenditures, including (\$114,333) general revenue.
- (\$1,051,420) core reduction from the Fiscal Year 2001 appropriation level, including (\$565,293) general revenue.

CAPITOL POLICE

The Capitol Police are responsible for security at the Capitol and other facilities occupied by state agencies throughout Jefferson City.

Fiscal Year 2002 Governor's Recommendations

- \$9,451 for pay plan, including \$8,978 general revenue.
- (\$48,420) core reduction for one-time expenditures.

HIGHWAY PATROL

ADMINISTRATION

This section includes the administrative, planning, fiscal, and support activities of the Highway Patrol.

Fiscal Year 2002 Governor's Recommendations

- \$19,320 state highways and transportation department fund for pay plan.
- (\$7,784) core reduction from the Fiscal Year 2001 appropriation level.

FRINGE BENEFITS

Employer retirement contributions, health insurance, and workers' compensation insurance for Highway Patrol employees are paid by the state in a separate appropriation made for those purposes. The amount of the retirement payment is determined by the Board of Trustees of the Highway Employees' and Highway Patrol Retirement System.

Fiscal Year 2002 Governor's Recommendations

- \$3,583,736 for a rate increase, including \$463,083 in general revenue.
- \$137,485 federal and other funds for new employee fringe benefits.

ENFORCEMENT

The primary activity of this section is the patrolling of more than 122,000 miles of public highways and thoroughfares to ensure the safe and orderly flow of traffic. The Patrol also performs undercover investigations, analyzes evidence discovered at crime scenes, assists local law enforcement agencies, provides access to the Missouri Uniform Law Enforcement System, performs criminal background checks, and maintains a statewide system of commercial motor vehicle weigh stations.

Fiscal Year 2002 Governor's Recommendations

- \$8,404,451 federal funds for mobile computing devices.
- \$1,324,199 federal funds to re-engineer the Statewide Traffic Accident Reporting System.
- \$852,095 federal funds and three staff to enhance the criminal history reporting system.
- \$533,226 federal funds for DWI enforcement and highway construction zone safety programs.
- \$352,679 for fuel expenses, including \$28,214 general revenue.
- \$222,575 for aircraft maintenance.
- \$200,000 to replace an airplane.
- \$200,000 federal funds to upgrade the Automated Fingerprint Identification System.
- \$32,000 for online access to accident reports statewide.

- \$24,000 for a crime lab fuming hood.
- \$303,507 for pay plan, including \$35,534 general revenue.
- (\$4,516,766) core reduction for one-time expenditures, including (\$2,612,309) general revenue.
- (\$73,572) core reduction from the Fiscal Year 2001 appropriation level.

LAW ENFORCEMENT ACADEMY

The academy provides basic training to police officers in all agencies outside St. Louis and Jackson counties. The academy also provides administrative and specialized training to police officers from all counties. Training is carried out at four levels: basic police skills, specialized police skills, administrative training, and in-service proficiency training.

Fiscal Year 2002 Governor's Recommendations

- \$8,821 for pay plan, including \$3,571 general revenue.

VEHICLE AND DRIVER SAFETY

This section evaluates drivers and vehicles to identify and remove those unfit to be on Missouri roadways. Over 4,900 inspection stations and approximately 23,300 inspector mechanics throughout the state are supervised. The section also maintains over 140 driver examination stations throughout the state.

Fiscal Year 2002 Governor's Recommendations

- \$59,850 state highways and transportation department fund for pay plan.
- (\$27,300) core reduction for one-time expenditures.

TECHNICAL SERVICES

This section develops and processes comprehensive criminal offender data, traffic record data, and administrative data. The database is used to respond to inquiries and for analysis of the criminal justice and traffic systems to plan for effective law enforcement. This section also is responsible for management and operation of the statewide Missouri Uniform Law Enforcement System (MULES).

Fiscal Year 2002 Governor's Recommendations

- \$544,260 criminal record system fund and nine staff for uniform crime reporting.
- \$53,760 for pay plan, including \$1,890 general revenue.
- (\$637,357) core reduction for one-time expenditures, including (\$333,101) general revenue.

STATE WATER PATROL

The primary task of the State Water Patrol is to ensure that Missouri citizens and tourists enjoy state waterways in safety through enforcement of water safety laws. This is accomplished by patrolling 626,081 acres of recreational waters in the state.

Water Patrol officers provide boating safety education, boat inspection services, and enforce state and federal laws relating to water safety. Water Patrol officers present safety programs to students and civic organizations, inspect boats, and investigate dock and buoy placements to prevent water hazards.

Fiscal Year 2002 Governor's Recommendations

- \$128,115 and 6.83 staff in support positions to allow State Water Patrol officers to focus their efforts on law enforcement, including \$80,900 general revenue.
- \$25,304 for pay plan, including \$23,492 general revenue.
- (\$181,457) core reduction and (6.83) staff for one-time expenditures, including (\$55,875) general revenue.
- (\$84,752) and (1.5) staff in core reduction from the Fiscal Year 2001 appropriation level.

DIVISION OF LIQUOR CONTROL

The Division of Liquor Control provides management control and support to the programs of audit and enforcement. The administrative staff review all license applications and reported violations; develop facts regarding reported violations in pre-hearing conferences and formal hearings before the supervisor; and, depending on the outcome of hearings, issue citations.

The audit and collection staff review beer, wine, and liquor transactions to ensure that all revenues due to the state are collected. The program also ensures fair competition among liquor wholesalers by monitoring actual prices charged for various classes and types of beverages against price schedules for such products.

The enforcement program ensures that liquor licenses are issued only to qualified applicants on approved premises. Liquor Control agents conduct inspections and investigate complaints received on violations of liquor laws. Reports are filed with local authorities and the supervisor of Liquor Control for review and appropriate action.

Fiscal Year 2002 Governor's Recommendations

- \$28,716 for uniform classification and pay increases.
- \$17,714 for pay plan, including \$17,294 general revenue.
- (\$39,540) core reduction for one-time expenditures.

DIVISION OF FIRE SAFETY

Division of Fire Safety staff conduct investigations to determine the causes of fires and explosions. Investigators assist in case development and, when necessary, work with local law enforcement authorities to prosecute persons accused of arson. Inspection activities concentrate on fire prevention evaluations. Inspectors evaluate nursing homes that are used for state mental health patients, patient care facilities operated by the Department of Mental Health, day care facilities licensed by the state, senior citizen nutrition and recreation centers, and other public facilities. The division also administers a Public Boiler and Pressure Vessel Safety Inspection Program, conducts fireworks industry inspections, and provides firefighter training throughout the state.

Fiscal Year 2002 Governor's Recommendations

- \$37,284 for uniform classification and pay increases.
- \$12,374 for pay plan.
- (\$5,000) core reduction from the Fiscal Year 2001 appropriation level.

DIVISION OF HIGHWAY SAFETY

The division prepares a comprehensive state highway safety plan and funds state-local projects to implement the plan. The division also monitors the performance of funded projects. All division activities are designed to implement provisions of the federal National Highway Safety Act, which provides funds for planning, administration, and awarding of grants to support state and local highway safety projects.

Fiscal Year 2002 Governor's Recommendations

- \$1,000,000 federal funds for highway safety grants.
- \$31,128 federal and other funds for uniform classification and pay increases.
- \$3,990 federal and other funds for pay plan.

MISSOURI VETERANS' COMMISSION

The commission has four components: administration, which oversees programs and maintains central files; the Missouri veterans' homes at St. James, Mexico, Mt. Vernon, Cape Girardeau, St. Louis, Cameron and Warrensburg, which care for Missouri veterans; the Missouri veterans' cemeteries at Higginsville, Springfield, St. James, Jacksonville and Bloomfield; and the Service to Veterans' Program, which assists veterans in applying for U.S. Veterans Administration pensions and other benefits.

Fiscal Year 2002 Governor's Recommendations

- \$2,000,000 veterans' commission capital improvement trust fund for veterans' memorial grants.
- \$1,110,434 veterans' homes fund for increased pharmaceutical costs.
- \$940,212 veterans' homes fund and 21 staff for resident care services.
- \$766,619 veterans' homes fund and 37.01 staff for the veterans' homes.
- \$464,900 veterans' homes fund for resident room furniture.
- \$354,124 veterans' commission capital improvement trust fund and 6.02 staff for two new veterans' cemeteries.
- \$342,097 veterans' homes fund and seven staff for worker recruiting efforts at veterans' homes.
- \$183,697 veterans' homes fund and six staff for community-based outpatient clinics.
- \$109,600 veterans' homes fund for security services at the St. Louis Veterans' Home.
- \$48,969 veterans' homes fund for computer replacements.
- \$20,000 veterans' commission capital improvement trust fund to assist veterans in applying for World War II service recognition awards.
- \$4,792 veterans' homes fund for increased fuel prices.
- \$489,678 for pay plan, including \$80,042 general revenue.
- (\$766,619) and (37.01) staff in core reduction from the Fiscal Year 2001 appropriation level.

GAMING COMMISSION

Senate Bill 10 (1993) established the Gaming Commission, which was granted regulatory authority over riverboat gambling and bingo. The five members of the Gaming Commission are appointed by the Governor with the advice and consent of the Senate.

Fiscal Year 2002 Governor's Recommendations

- \$201,908 gaming commission fund and four audit staff.

- \$152,046 gaming commission fund for a fringe benefit rate increase.
- \$59,709 gaming commission fund for slot machine verification equipment.
- \$47,423 gaming commission fund for telecommunications and employee licensing equipment.
- \$41,868 gaming commission fund and one human resources officer.
- \$40,000 compulsive gamblers fund for assistance to problem gamblers.
- \$48,930 gaming commission fund for pay plan.
- (\$102,837) gaming commission fund core reduction for one-time expenditures.
- (\$25,975) other funds core reduction from the Fiscal Year 2001 appropriation level.

ADJUTANT GENERAL

ADMINISTRATION

This section provides administrative support for the Missouri National Guard, including the functions of command communication, logistical assistance, finance, and budgeting. The Adjutant General is the military chief of staff to the commander-in-chief (Governor). The Adjutant General is also the administrative head of the military forces, which include Army and Air National Guard elements assigned to the state by the federal government.

Fiscal Year 2002 Governor's Recommendations

- \$14,365 for pay plan.
- (\$29,239) and (.33) staff in core reduction from the Fiscal Year 2001 appropriation level.
- (\$20,506) core reduction for one-time expenditures.

WORLD WAR II VETERANS RECOGNITION PROGRAM

The Missouri General Assembly authorized the World War II Veterans' Recognition Program to honor veterans of World War II and the Normandy "D-Day" invasion for their service to the state and nation.

Fiscal Year 2002 Governor's Recommendations

- \$3,000,000 veterans' commission capital improvement trust fund for the World War II Veterans' Recognition Program.

NATIONAL GUARD TRUST FUND PROGRAM

HB 1519 (1998) established the Missouri National Guard Trust Fund and permitted income tax check-off contributions to be deposited in the fund. Grants, gifts, and bequests may also be deposited in the fund. In the absence of specific requirements attached to fund donations, the Office of the Adjutant General may, subject to appropriation, expend the funds for any lawful purpose in support of the Guard.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

TUITION ASSISTANCE

In return for service to the state, the Missouri National Guard offers a variety of benefits for its members. The tuition assistance program provides reimbursement for higher education tuition and fees to Guard members who meet certain qualifications pursuant to law.

Fiscal Year 2002 Governor's Recommendations

- \$862,400 Missouri national guard trust fund for educational assistance.

MILITARY HONORS PROGRAM

The Guard provides public recognition of the sacrifices made by veterans through the Military Honors Program, providing burial details with appropriate military honors for veterans upon request.

Fiscal Year 2002 Governor's Recommendations

- \$9,114 Missouri national guard trust fund for pay plan.

OPERATING MAINTENANCE AND REPAIR

The Missouri National Guard operates 63 armories and 629 buildings located throughout the state. These facilities require preventive maintenance. The operating maintenance and repair program allows maintenance staff to purchase materials and supplies to perform preventive care.

Fiscal Year 2002 Governor's Recommendations

- (\$399,881) core reduction from the Fiscal Year 2001 appropriation level that will be replaced by \$399,881 facilities maintenance reserve fund.

FIELD SUPPORT

The field support section supports the operational needs of Missouri National Guard facilities located throughout the state. This section includes maintenance and operation of 63 armories and 629 buildings in over 66 Missouri communities.

Fiscal Year 2002 Governor's Recommendations

- \$77,244 and one staff to operate two new armories.
- \$11,146 for pay plan.
- (\$10,000) core reduction from the Fiscal Year 2001 appropriation level.
- (\$8,780) core reduction for one-time expenditures.

CONTRACT SERVICES

This section provides funding for contract agreements between the federal and state government related to the maintenance and security of National Guard installations.

Fiscal Year 2002 Governor's Recommendations

- \$388,196 federal funds and 17 staff for National Guard federal installations.
- \$45,928 for pay plan, including \$4,330 general revenue.

CHALLENGE YOUTH PROGRAM

The Challenge Youth Program is an intensive, 22-week program designed to assist at-risk youth ages 17-19 to obtain GEDs and then move on to college or job opportunities. In addition to scholastic work and job training, participants are involved in classes pertaining to citizenship, life-coping skills, personal development, and group

skills. The program is designed to help youth become self-reliant and thus reduce the juvenile crime rate.

Fiscal Year 2002 Governor's Recommendations

- \$145,096 and 2.68 staff to replace federal funds no longer available.
- \$11,239 for pay plan, including \$4,497 general revenue.
- (\$145,096) federal funds and (2.68) staff in core reduction from the Fiscal Year 2001 appropriation level.

TROUPERS TRAINING SCHOOL

The Missouri National Guard was selected in 1998 as a national "Center of Excellence" for training by the federal government. In this role, the Missouri National Guard administers a military software-training program for Guard members from all U.S. states and territories.

Fiscal Year 2002 Governor's Recommendations

- \$3,702 for pay plan, including \$1,497 general revenue.

OFFICE OF AIR SEARCH AND RESCUE

The Office of Air Search and Rescue provides emergency services utilizing the efforts of professionally trained pilots, communications specialists, and emergency support personnel. The office works in cooperation with state and federal agencies, the Civil Air Patrol, and public and private hospitals to provide emergency services, rescue operations, mercy missions, aerial observations, and emergency communications to anyone in immediate need of these specialized services.

Fiscal Year 2002 Governor's Recommendations

- (\$3,445) core reduction from the Fiscal Year 2001 appropriation level.

STATE EMERGENCY MANAGEMENT AGENCY

The State Emergency Management Agency develops policies and procedures that help protect citizens in times of disaster. The agency is charged with the task of preparing and periodically updating plans to manage and control the state's resources in emergency situations. Once disaster strikes, the agency administers federal assistance to disaster areas and coordinates efforts to aid individuals, protect property, and restore essential utilities and structures. A state emergency operations center also is maintained to serve as the control center for state government should emergency situations arise.

Fiscal Year 2002 Governor's Recommendations

- \$150,000 federal funds for local communities participating in the Hazardous Materials Grant Program.
- \$14,546 for pay plan, including \$8,701 general revenue.
- (\$97,562) core reduction for one-time expenditures.

 **Missouri State Government Web**
Office of Administration
Division of Budget & Planning

FY 2002 EXECUTIVE BUDGET

DEPARTMENT OF REVENUE

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	FY 2002 REQUEST	GOVERNOR RECOMMENDS FY 2002
Division of Administration	\$ 19,221,483	\$ 20,608,279	\$ 23,963,495	\$ 19,621,802
Division of Taxation	33,922,954	37,580,758	40,072,796	36,933,638
Division of Motor Vehicle and Drivers Licensing	29,820,209	33,652,174	36,533,385	35,776,284
Highway Reciprocity Commission	1,218,931	1,327,955	1,606,007	1,578,305
State Tax Commission	3,436,835	3,840,412	3,918,369	3,751,930
Refunds and Distributions*	1,267,655,939	1,017,108,920	1,333,454,012	1,331,103,246
State Lottery Commission	113,809,493	126,680,062	129,398,200	129,192,265
DEPARTMENTAL TOTAL	\$ 1,469,085,844	\$ 1,240,798,560	\$ 1,568,946,264	\$ 1,557,957,470
General Revenue Fund	1,077,501,208	830,885,385	1,149,967,642	1,141,049,833
Federal Funds	44,612	633,503	2,531,775	2,530,953
Health Initiatives Fund	65,035	99,982	101,279	100,402
Gaming Commission Fund	154,172	500,000	500,000	500,000
Division of Aging Elderly Home				
Delivered Meals Trust Fund	20,841	21,499	21,835	21,604
Solid Waste Management Fund	13,490	0	0	0
Petroleum Storage Tank Insurance Fund	22,025	23,405	39,079	38,587
Motor Vehicle Commission Fund	652,483	676,508	691,244	679,133
Conservation Commission Fund	473,637	501,766	516,004	506,054
State School Moneys Fund	32,965	25,000	25,000	25,000
DOR Information Fund	905,242	926,214	940,086	929,364
State Highways and Transportation				
Department Fund	86,644,865	91,350,897	94,484,911	92,655,726
Workers' Compensation Fund	1,171,372	282,774	1,171,774	1,171,774
Second Injury Fund	498,879	133,966	498,966	498,966
Lottery Enterprise Fund	113,809,493	126,680,062	129,398,200	129,192,265
Petroleum Inspection Fund	29,052	30,599	31,469	30,809
Motor Fuel Tax Fund	158,124,545	188,000,000	188,000,000	188,000,000
Fair Share Fund	14,651	11,000	11,000	11,000
County Aid Road Trust Fund	28,895,497	0	0	0
Aviation Trust Fund	11,780	16,000	16,000	16,000
Full-time equivalent employees	2,275.38	2,287.88	2,316.88	2,282.88

* Does not include Article X refunds of \$178,843,080 in Fiscal Year 2000 and \$98,861,466 in Fiscal Year 2001.

POLICY SUMMARY

The Department of Revenue serves as the primary revenue collection agency for the State of Missouri. The department strives to ensure that all taxes owed the state are paid, that taxpayers are served conscientiously and efficiently, and that revenues are collected at minimal administrative expense.

Customer Service

The citizens of Missouri come into contact with the Department of Revenue more often than any other entity in state government. The department administers 33 different state and local taxes, titles and registers automobiles, and licenses

drivers. Governor Holden recommends the following Fiscal Year 2002 budget initiatives to enhance customer service.

- \$1,405,484 for E-government initiatives related to on-line vehicle registration, lottery web marketing, on-line lottery ticket validation, and on-line lottery retail licensing.
- \$243,000 to create a one-stop registration system for commercial motor carriers by co-locating units of the Highway Reciprocity Commission, Department of Economic Development-Motor Carrier and Railroad Safety Division, and the Department of Transportation-Oversize/Overweight Division.

Enhanced Collections

The Department of Revenue is responsible for administering Missouri tax laws and collecting revenue due to the state and local taxing jurisdictions. The department is responsible for contacting individuals and businesses that have unpaid tax liabilities and performing appropriate collection procedures. The collection activities include billing and assessing unpaid taxes, filing liens, pursuing bad checks, certifying delinquencies to local prosecuting attorneys, and making referrals to independent collection agencies. Ensuring that individuals and businesses remit their share of taxes and fees owed to the state is essential if taxes and fees are to be kept at a minimal level while still generating sufficient revenue to fund important state services. In the Fiscal Year 2002 budget, Governor Holden recommends:

- \$24,366 to fund continued participation by Missouri in the Multistate Tax Commission.
- \$20,000 to collect delinquent taxes by filing liens.

DWI Enforcement

The Department of Revenue is responsible for suspending, revoking and disqualifying drivers licenses, and maintaining records of DWI offenses. In order to further state efforts to stop drunk drivers, Governor Holden recommends:

- \$1,896,400 to automate and enhance the DWI database to facilitate the collection and sharing of data between the Department of Revenue, State Highway Patrol, local law enforcement agencies, and state and local courts.

Some performance measures the Department of Revenue uses to evaluate its goal of efficiently serving Missourians follow.

	FY 1998	FY 1999	FY 2000
Average number of days to receive an individual income tax refund			
– Tax forms submitted before April 15*	17.0 days	14.0 days	4.7 days
– Tax forms submitted after April 15*	45.0 days	30.0 days	14.1 days
Delinquent individual taxes collected (millions)	\$85.2	\$76.9	\$91.3
Delinquent business taxes collected (millions)	<u>\$96.9</u>	<u>\$104.0</u>	<u>\$117.9</u>
Total	\$162.1	\$180.9	\$209.2

*Excludes tax returns with mistakes and tax returns containing property tax credit claims.

DIVISION OF ADMINISTRATION

The Office of the Director is responsible for the processing and enforcement of tax and licensing functions. The administrative staff is responsible for all budgetary, accounting, and fiscal operations of the department. The legal counsel assists the divisions with their respective statutory functions, provides research and legislative assistance, and oversees the filing of administrative rules. The personnel office is responsible for recruiting and training employees, in addition to maintaining personnel records. The general services staff provides custodial, mail, and motor pool services. The criminal investigation bureau investigates suspected tax, motor vehicle, and driver's license fraud, and prepares cases for prosecution.

Fiscal Year 2002 Governor's Recommendations

- \$606,580 for a postage rate increase, including \$380,184 general revenue.
- \$14,972 petroleum storage tank inspection fund for attorney fees.
- \$53,651 for pay plan, including \$22,468 general revenue.
- \$80,768 state highways and transportation department fund and three staff transferred from the Division of Motor Vehicles and Drivers Licensing Central Office.
- \$64,424 and two staff transferred from the Division of Taxation.
- (\$1,660,940) core reduction from the Fiscal Year 2001 appropriation level.
- (\$145,932) and (four) staff transferred to the Division of Taxation.

DIVISION OF TAXATION

Division of Taxation staff prepare tax forms, process returns, maintain records of tax revenues, and assist the public. The central processing bureau is responsible for the initial processing of tax returns and related documents. The field audit bureau is comprised of seven Missouri offices and four out-of-state offices. Field staff audit sales/use, motor fuel, and corporate income taxes. The tax administration bureau is responsible for administering the financial institutions tax, city and state sales/use taxes, motor fuel tax, cigarette tax, individual income tax, corporate income tax, employer withholding tax, inheritance tax, and senior and disabled citizen tax credits. The taxpayer assistance bureau is responsible for collecting unpaid taxes and provides assistance to taxpayers at seven regional offices throughout the state.

Fiscal Year 2002 Governor's Recommendations

- \$196,952 for pay plan, including \$173,278 general revenue.
- \$145,932 and four staff transferred from the Division of Administration.
- (\$591,818) core reduction for one-time expenditures.
- (\$333,762) and (six) staff in core reduction from the Fiscal Year 2001 appropriation level.
- (\$64,424) and (two) staff transferred to the Division of Administration.

DIVISION OF MOTOR VEHICLE AND DRIVERS LICENSING

Central Office

The Division of Motor Vehicle and Drivers Licensing is responsible for titling, taxing, and registering motor vehicles and motor boats, and for administering the mandatory automobile liability insurance program. The drivers license bureau issues and renews operator and commercial drivers' licenses and maintains records of these transactions. The motor vehicle bureau titles and registers motor vehicles and marine vessels, and collects sales/use tax, city sales tax, and other vehicle charges. The motor vehicle bureau is also responsible for licensing motor vehicle manufacturers, motor vehicle dealers, and boat dealers in Missouri. When circumstances warrant such action, this bureau performs field investigations to determine whether license revocation proceedings should be undertaken. The field services bureau oversees 180 branch and agent offices that provide drivers' licensing, motor vehicle titling, and registration services.

Fiscal Year 2002 Governor's Recommendations

- \$1,896,400 federal funds for the Automotive DWI Automation and Systems Integration project.
- \$902,570 state highways and transportation department fund for increased license plate costs.
- \$122,811 for pay plan, including \$2,127 general revenue.
- (\$681,445) state highways and transportation department fund core reduction for one-time expenditures.
- (\$80,768) state highways and transportation department fund and (three) staff transferred to the Division of Administration.
- (\$78,613) and (four) staff in core reduction from the Fiscal Year 2001 appropriation level.

Branch Offices

Branch offices provide individual driver's licensing, motor vehicle titling, and registration services in the metropolitan areas. Branch office staff are responsible for collecting, depositing, and accounting for all applicable taxes and fees. Staff also provide information and assistance to Missouri citizens.

Fiscal Year 2002 Governor's Recommendations

- \$43,155 for pay plan, including \$1,680 general revenue.

HIGHWAY RECIPROCITY COMMISSION

The Highway Reciprocity Commission is responsible for annual registration of commercial vehicles for interstate operation. Through the Multi-State Agreement, Uniform Proration Agreement, and International Registration Plan, the commission has entered into reciprocal agreements with all other states and four Canadian provinces to ensure proper registration and collection of fees from regulated commercial vehicles.

Fiscal Year 2002 Governor's Recommendations

- \$243,000 state highways and transportation department fund for a computer system.
- \$7,350 state highways and transportation department fund for pay plan.

STATE TAX COMMISSION

The State Tax Commission is responsible for maintaining equalized assessed land valuations among Missouri's 114 counties and the city of St. Louis. In carrying out these responsibilities, the commission hears appeals from local boards of equalization on individual cases and corrects assessments that it determines to be unlawful, unfair, or arbitrary. The commission also establishes the taxable valuation for public service and utility companies operating in Missouri.

Fiscal Year 2002 Governor's Recommendations

- \$16,958 for pay plan.
- (\$105,440) core reduction for one-time expenditures.

REFUNDS AND DISTRIBUTIONS SUMMARY

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	GOVERNOR RECOMMENDS FY 2002

Refunds from General Revenue Fund*	\$ 999,420,609	\$ 755,350,000	\$ 1,068,300,000
Federal and Other Funds Refunds	175,244	500,000	500,000
State Share of Assessment Maintenance Costs	16,982,518	17,824,473	18,218,433
Certification Compensation	99,000	100,800	100,800
County Stock Insurance Tax	5,226,127	1,200,000	150,000
Refunds from the State Highways and Transportation Department Fund	2,011,272	1,613,448	2,015,448
Commercial Drivers' License Information System Fees	267,333	275,000	275,000
Problem Driver Pointer System	137,072	180,500	180,500
Attorney Fees	1,781	15,000	15,000
Motor Fuel Tax Distribution to Cities and Counties	158,124,545	188,000,000	188,000,000
County Aid Road Trust Fund	28,895,497	0	0
Aviation Trust Fund Refunds	11,780	16,000	16,000
Motor Fuel Tax Refunds	42,062,833	42,070,000	42,070,000
Prosecuting Attorneys and Collection Agencies	2,351,850	2,728,000	2,728,000
County Filing Fees	195,677	180,000	200,000
Refunds from Workers' Compensation Fund	1,171,372	282,774	1,171,774
Refunds from Second Injury Fund	498,879	133,966	498,966
Tobacco Tax Refunds	65,594	86,000	86,000
Refunds from Motor Vehicle Commission Fund	4,584	12,000	12,000
Multistate Tax Commission Dues	194,092	207,735	232,101
Debt Offset Refunds	9,425,056	6,000,000	6,000,000
Income Tax Refund Designations	333,224	333,224	333,224
TOTAL	\$ 1,267,655,939	\$ 1,017,108,920	\$ 1,331,103,246



* Does not include Article X refunds of \$178,843,080 in Fiscal Year 2000 and \$98,861,466 in Fiscal Year 2001.

REFUNDS FROM GENERAL REVENUE

This appropriation is utilized to refund erroneous payments or overpayments of individual and corporate income taxes and other miscellaneous taxes that have been credited to general revenue.

Fiscal Year 2002 Governor's Recommendations

- \$312,950,000 for a total recommendation of an estimated \$1,068,300,000.

REFUNDS FROM FEDERAL AND OTHER FUNDS

This appropriation is utilized to refund erroneous payments or overpayments of taxes that have been credited to funds besides general revenue.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

STATE SHARE OF ASSESSMENT MAINTENANCE COSTS

The state reimburses a portion of the costs and expenses for maintaining property assessments and preparing assessment lists and tax bills for township assessors, county assessors, and the St. Louis City Assessor. The state also reimburses all county assessors, except those in first-class chartered counties, on a quarterly basis provided they remain certified with the State Tax Commission.

Fiscal Year 2002 Governor's Recommendations

- \$393,960 for a total recommendation of \$18,218,433.

COUNTY STOCK INSURANCE TAX

The county stock insurance tax is a two percent per annum tax levied on direct premiums received by stock insurance

companies doing business in the State of Missouri. Through the provisions of Section 148.330, RSMo, the receipts of the county stock insurance tax are distributed by the state to the county treasurers and treasurers of the school districts of counties in which stock insurance companies are located.

Fiscal Year 2002 Governor's Recommendations

- (\$1,050,000) core reduction from the Fiscal Year 2001 appropriation level for a total recommendation of an estimated \$150,000.

REFUNDS FROM THE STATE HIGHWAYS AND TRANSPORTATION DEPARTMENT FUND

When an overpayment or error is made on a transaction credited to the state highways and transportation department fund, the difference is refunded to the individual or business involved.

Fiscal Year 2002 Governor's Recommendations

- \$402,000 state highways and transportation department fund for a total recommendation of an estimated \$2,015,448.

COMMERCIAL DRIVERS' LICENSING INFORMATION SYSTEM

The federal Commercial Motor Vehicle Safety Act of 1986 required states to develop uniform commercial drivers' licensing systems or face the loss of federal highway funds. HB 3 (1989 Special Session) made the necessary changes to Missouri law to implement the commercial drivers' licensing information system.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

PROBLEM DRIVER POINTER SYSTEM

The federal government required states to implement a problem driver pointer system by April 1995 to identify and manage problem drivers or face the loss of federal highway funds.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

ATTORNEY FEES

The Department of Revenue is required by Section 302.536, RSMo to pay court costs and attorney fees of persons who have an appellate court reversal of a Section 302.535, RSMo (DWI) suspension or revocation.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

MOTOR FUEL TAX DISTRIBUTION TO CITIES AND COUNTIES

Article IV, Section 30(a)(2), Constitution of Missouri, requires 15 percent of the net proceeds from the motor fuel tax collections be allocated to the incorporated cities, towns, and villages of the state to assist in the maintenance of streets and highways.

Article IV, Section 30(a)(1), Constitution of Missouri, requires that ten percent of the net proceeds from motor fuel tax collections be distributed to the counties to assist in the maintenance of county roads, highways, and bridges. On August 4, 1992, voters approved Constitutional Amendment No. 8 to require that 15 percent of the net proceeds resulting from any increase in the motor fuel tax rate over the rate in effect on March 31, 1992, be distributed to the counties to assist in

the maintenance of county roads, highways, and bridges.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

REFUNDS FROM AVIATION TRUST FUND

Taxes paid by commercial agricultural aircraft operators for aviation fuel used in commercial agricultural aircraft must be refunded upon application for a refund.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

MOTOR FUEL TAX REFUNDS

Section 142.230, RSMo provides for refunds of taxes paid on fuel used to propel non-highway vehicles. Refunds of fuel taxes paid to propel agricultural, marine, and industrial/commercial vehicles are examples of allowable non-highway refunds. Unclaimed marine refunds are transferred to counties having at least 100 miles of shoreline for the purpose of maintaining county roads and bridges.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

PAYMENTS TO PROSECUTING ATTORNEYS AND COLLECTION AGENCY FEES

Section 136.150, RSMo provides for payment of a collection fee of 20 percent of delinquent taxes, licenses, or fees recovered on behalf of the state by circuit or prosecuting attorneys. The collection fee is deposited in the county treasury with one-half of the fee for use by the attorney's office and one-half to be expended as the county determines. This incentive program provides additional resources to counties and a five-to-one benefit/cost ratio to the state.

The Department of Revenue is authorized by Section 140.850, RSMo to use commercial collection agencies to collect delinquent personal income taxes owed by resident and non-resident taxpayers. The statutes permit payment of a collection fee not to exceed 25 percent of the amount collected. This program provides at least a four-to-one benefit/cost ratio to the state.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

COUNTY FILING FEES

The Department of Revenue is authorized to file tax liens on property owned by taxpayers that are delinquent in income tax or sales/use tax. County recorders charge the Department of Revenue a fee of \$3.00 for the filing of each tax lien and a fee of \$1.50 for each release of a tax lien filed on property owned by taxpayers that are delinquent in income tax or sales/use tax.

Fiscal Year 2002 Governor's Recommendations

- \$20,000 for a total recommendation of an estimated \$200,000.

REFUNDS FROM THE WORKERS' COMPENSATION FUND

The Department of Revenue is required to issue refunds for overpayment of workers' compensation taxes paid by

insurance companies. Estimated quarterly tax payments are made based on the prior year's activity. If actual taxes owed are less than the estimated payments, this appropriation is used to refund the overpayment.

Fiscal Year 2002 Governor's Recommendations

- \$889,000 worker's compensation fund for a total recommendation of an estimated \$1,171,774.

REFUNDS FROM THE SECOND INJURY FUND

This appropriation is utilized by the Department of Revenue to refund any overpayment of funds to the second injury fund.

Fiscal Year 2002 Governor's Recommendations

- \$365,000 second injury fund for a total recommendation of an estimated \$498,966.

TOBACCO TAX REFUNDS

These funds are used to make refunds for overpayments or erroneous payments of amounts that have been credited to the health initiatives fund, state school moneys fund, and the fair share fund for tobacco taxes.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

REFUNDS FROM THE MOTOR VEHICLE COMMISSION FUND

These funds are utilized to make refunds for overpayments or erroneous payments of amounts that have been credited to the motor vehicle commission fund.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

MULTISTATE TAX COMMISSION DUES

The Multistate Tax Commission and Compact facilitate determination of the tax liability of multi-state taxpayers, promote uniformity and compatibility in tax systems, avoid duplicative taxation, and provide taxpayer convenience in filing tax returns.

Fiscal Year 2002 Governor's Recommendations

- \$24,366 for a total recommendation of \$232,101.

DEBT OFFSET REFUNDS

Chapter 143, RSMo provides a mechanism to offset debts owed to the state against tax refunds payable to the debtor. The Department of Revenue transfers to the State Treasurer the amount of the debt certified to be owed to a state agency in an amount not exceeding the tax refund claimed. Any amount in excess of the debt is forwarded to the taxpayer. Upon settlement of the claim through the established administrative hearings process, the escrow funds are returned to the state agency and/or the payee.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

INCOME TAX REFUND DESIGNATIONS

State statutes permit individuals and corporations to contribute a portion of any income tax refunds that they are owed to four separate state trust funds. The four trust funds include the children's trust fund (Section 210.174, RSMo), the division of aging elderly home delivered meals trust fund (Section 660.078, RSMo), the veterans' trust fund (Section 42.140, RSMo) and the Missouri National Guard trust fund (Section 41.215, RSMo). The amounts designated by taxpayers for distribution to the four trust funds are transferred from the general revenue fund.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

STATE LOTTERY COMMISSION

The Missouri State Lottery was established by voter approval of Constitutional Amendment No. 5 on November 6, 1984. On August 2, 1988, voters approved Constitutional Amendment No. 3 to revise the lottery prize structure and certain promotional restrictions.

Fiscal Year 2002 Governor's Recommendations

- \$825,000 lottery enterprise fund for advertising.
- \$784,565 lottery enterprise fund for increased ticket printing and courier delivery costs.
- \$655,484 lottery enterprise fund and five staff to develop E-government initiatives.
- \$209,669 lottery enterprise fund for the Federal Universal Service surcharge.
- \$37,485 lottery enterprise fund for pay plan.



LOTTERY ENTERPRISE FUND TRANSFER

Section 39(b) of Article III of the Missouri Constitution provides that a minimum of 45 percent of moneys received from the sale of lottery tickets shall be paid as prizes. On August 4, 1992, voters approved Constitutional Amendment No. 11 to dedicate net lottery proceeds to fund public institutions of elementary, secondary, and higher education.

Fiscal Year 2002 Governor's Recommendations

- \$154,500,000 lottery enterprise fund transfer to the lottery proceeds fund.

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	GOVERNOR RECOMMENDS FY 2002
Lottery Enterprise Fund	\$ 155,819,955	\$ 159,000,000	\$ 154,500,000

FY 2002 EXECUTIVE BUDGET

DEPARTMENT OF SOCIAL SERVICES

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	FY 2002 REQUEST	GOVERNOR RECOMMENDS FY 2002
Office of Director/Administrative Services	\$ 61,758,757	\$ 78,932,904	\$ 99,294,075	\$ 77,563,190
Division of Child Support Enforcement	97,577,379	101,403,092	106,833,728	100,015,214
Division of Family Services	1,106,773,215	886,385,113	1,035,335,796	936,796,919
Division of Youth Services	58,179,268	65,100,541	75,260,254	62,655,688
Division of Medical Services	3,123,869,084	3,481,252,670	4,559,030,164	3,922,978,079
Division of Aging	84,714,931	94,788,712	113,497,821	95,592,039
DEPARTMENTAL TOTAL	\$ 4,532,872,634	\$ 4,707,863,032	* \$ 5,989,251,838	\$ 5,195,601,129
General Revenue Fund	1,093,382,032	1,173,686,719	1,629,200,206	1,265,597,055
Division of Youth Services - Federal Funds	16,290,121	16,369,923	0	0
Food Stamp EBT Settlement Fund	267,176,636	0	0	0
Federal Reimbursement Allowance Fund	168,254,186	187,533,334	187,533,334	187,533,334
Division of Aging - Federal Funds	44,361,894	48,804,211	0	0
Department of Social Services - Federal Funds	21,878,100	27,113,076	0	0
Title XIX - Federal and Other Funds	2,092,086,589	2,341,915,474	2,915,130,825	2,603,687,473
Federal and Other Funds	574,842	275,000	575,000	575,000
Nursing Facility Federal Reimbursement Allowance Fund	5,000,000	13,880,342	13,880,342	13,880,342
Temporary Assistance for Needy Families - Federal Funds	179,920,344	189,963,161	168,141,580	171,972,076
Division of Family Services - Federal Funds	423,471,494	464,496,232	643,860,198	608,102,636
Uncompensated Care Fund	92,379,830	95,680,000	88,999,999	93,999,999
Pharmacy Rebates Fund	48,671,619	45,713,171	50,440,344	50,440,449
Third Party Liability Collections Fund	6,859,884	8,255,312	9,229,158	9,232,323
Intergovernmental Transfer Fund	0	0	184,803,501	94,603,501
Division of Family Services Donations Fund	10,243	135,000	135,000	135,000
Division of Aging Donations Fund	0	51,000	51,000	51,000
Child Support Enforcement Collections Fund	13,172,443	17,792,733	17,621,733	17,666,176

Nursing Facility Quality of Care Fund	1,976,585	3,549,886	3,501,691	3,507,378
Health Initiatives Fund	16,314,935	18,221,479	19,244,489	18,998,357
Gaming Commission Fund	485,734	500,000	500,000	500,000
Division of Aging - Elderly Home Delivered Meals Trust Fund	1,804	430,000	430,000	430,000
DSS Administrative Trust Fund	4,453,101	4,929,076	5,929,076	5,929,332
DSS - Educational Improvement Fund	3,518,260	4,366,826	4,586,046	3,981,795
Blind Pension Fund	16,061,836	17,005,925	18,201,725	18,206,612
Tort Victims' Compensation Fund	0	0	0	1,550,000
Early Childhood Development, Education and Care Fund	8,592,526	17,028,152	17,089,591	14,854,291
Premium Fund	253,085	1,000,000	1,000,000	1,000,000
Alternative Care Trust Fund	7,724,511	9,167,000	9,167,000	9,167,000

Full-time equivalent employees	9,836.63	10,346.02	11,491.52	10,220.64
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* Does not include \$62,917,111 recommended in Fiscal Year 2001 Supplemental Appropriations, including \$16,430,393 general revenue. See the Supplemental section of the Missouri Budget for details regarding Department of Social Services supplemental appropriations.

POLICY SUMMARY

Governor Holden's budget for Fiscal Year 2002 reflects both the opportunities and challenges occurring in Missouri's social services programs. The department's resources are mainly dedicated to health care for the elderly and disabled and the protection of Missouri's most fragile resource, its children. As the enormity of these two issues has grown, traditional public assistance programs have become a smaller part of the department's budget by comparison. This year's budget reflects trends occurring nationally, as health care and pharmaceutical costs skyrocket and states struggle to develop solutions to deal with escalating costs in their Medicaid programs. Missouri also needs to address the state's growing senior population. In the Fiscal Year 2002 budget, Governor Holden seeks to reduce the burden placed on seniors and the disabled due to the high cost of prescription drugs by using a portion of the tobacco settlement payments to offset their prescription costs. In addition, Missouri is also faced with a continuing number of children being placed in out-of-home care. In an effort to implement a more holistic approach to this problem, the Department of Social Services (DSS), the Office of State Courts Administrator, and the University system will collaborate to minimize the length of stay for children in foster care through a project being funded in the Fiscal Year 2002 budget. To address these and other issues, Governor Holden's budget for Fiscal Year 2002 provides a total of \$5.2 billion for DSS.

HEALTH CARE IMPROVEMENTS

The Governor's budget includes funding to improve the health of Missouri's children, youth, adults, and elderly. Providing health insurance coverage is a priority for Governor Holden. Healthy children have a better chance at succeeding in school and healthy adults are able to maintain continuous employment. The purpose of the Missouri Medicaid Program is to finance, monitor, and assure the health coverage of low-income children and their families, the elderly, and disabled. With the goals of providing better access to quality care and controlling costs, DSS implemented its Managed Care Plus (MC+) Program in 1995. In Fiscal Year 2002, MC+ is projected to provide medical care to an estimated 285,122 people, with the remaining 355,156 Medicaid recipients served through the traditional Fee-for-Service Program. Since Missouri received approval from the federal government to expand MC+ through its 1115 Waiver in July of 1998, an additional 64,662 children have been provided health insurance and 135,550 children have enrolled in regular Medicaid. An estimated 1,200 children, for a total of 65,862, will be added to the 1115 Waiver Program by the end of Fiscal Year 2002.

Health care is a rapidly growing expenditure for both the state and federal government. In 1990, the Missouri Medicaid appropriation totaled \$833 million. In Fiscal Year 2002, the total appropriation for Medicaid is \$3.9 billion. Several factors are contributing to the growth in the Medicaid Program, including:

- Growth in the elderly population. Demographic information indicates that 18.1 percent of Missouri residents are over the age of 60 and seniors will comprise 26 percent of the state's population by 2025.
- Increasing cost of providing health care for elderly and persons with disabilities, particularly prescription drug costs. These two populations represent only 23 percent of all Medicaid eligibles, but represent 71 percent of all health care expenditures. The elderly and persons with disabilities utilize considerably more pharmacy prescriptions than any other group. In Fiscal Year 2000, Missouri Medicaid pharmacy payments for elderly and disabled individuals accounted for 85 percent of the total pharmacy payments. Pharmacy expenditures in the Missouri Medicaid Program have increased 373 percent from Fiscal Year 1993 to Fiscal Year 2001.
- Increasing costs in the Medicaid Program due to caseload growth and the cost of services have increased Medicaid expenditures by an average of 16 percent per year over the past decade.
- Increasing numbers of families transitioning off welfare. Declining TANF caseloads have led to more low-income working families who often do not obtain jobs that provide health insurance. Therefore, Missouri faces an increasing need to ensure access to health care for those moving from welfare to work.

Given the tremendous increases in the cost of the Medicaid pharmacy program and the need to provide better health care management to Medicaid clients, the Governor is recommending the Division of Medical Services contract with a Pharmacy Benefit Manager (PBM) to manage the fee-for-service pharmacy program. The state's health care system has a responsibility to ensure that Medicaid clients receive the most efficacious medication, at the best price, with sufficient oversight to prevent adverse drug reactions or interactions from occurring. By using this approach, the state and federal government will realize cost savings because the PBM will be able to obtain medications in volume at a better price than the state has been able to secure. It is estimated the savings in Fiscal Year 2002 for employing a PBM would total \$91.5 million. The PBM will have the expertise, resources, and technology to monitor patient outcomes and provide better health care for Missourians. A PBM will address the following problems:

- Inappropriate prescribing - 30 percent of all prescriptions are inappropriately prescribed.
- Non-Compliance - 40-60 percent of patients are non-compliant with the medication prescribed for them.
- Drug-Related Problems - It is estimated that 10 percent of all prescriptions are written because previous prescriptions failed to address the condition.

In addition, a PBM will have the expertise to evaluate appropriate utilization of pharmaceuticals, including the use of the most cost efficient means to treat a condition by encouraging the use of generic drugs. The use of a PBM ensures quality and leads to better health care outcomes for the patient.

In order to increase access to health care and address inflationary increases for health care services, the Governor's Fiscal Year 2002 budget includes:

- \$262.6 million for increasing costs of prescriptions, caseload growth, increasing utilization of pharmacy prescriptions by the elderly and those with disabilities, implementation of a PBM, and other anticipated increases.
- \$133 million for one-time grants to increase efficiency and quality of care in nursing homes.
- \$87.8 million for the additional anticipated costs of existing Medicaid programs to ensure all program cores are sufficiently funded to meet projected expenditures.
- \$65 million for anticipated caseload increases in Medicaid programs.

\$28.1 million to fund the remaining months of the Fiscal Year 2001 managed care trend factor.

- \$22 million to provide a trend factor for managed care of 4.1 percent in the eastern and central regions and a 15 percent trend for the western region.
- \$5.1 million to contract for anti-fraud software that applies pre-payment edits to claims. A social services manager is recommended to manage the project. Anticipated cost avoidance totals \$6 million in Fiscal Year 2002.
- \$4.7 million to fund the remaining six months of rate increases for in-home providers not funded in Fiscal Year 2001.
- \$3.1 million to compensate for anticipated increases in Medicare Part A & B premiums.
- \$2.4 million to fund one-time costs of the new fiscal agent for implementation, operation, enhancement, and maintenance of the Medicaid Management Information System (MMIS).
- \$424,726 for nine additional staff to enhance program integrity through efforts to detect and deter fraudulent activities and to process hospital cost reports in a timely manner.

Some performance measures the Department of Social Services uses to evaluate the health care services provided to Medicaid recipients follow:

	FY 1998	FY 1999	FY 2000
Percentage of low-income children with health care coverage	81.54%	84.51%	91.12%
Percentage of low-income adults with health care coverage	78.40%	81.16%	81.58%
Percentage of pregnant women in Medicaid who receive adequate prenatal care	77.5%	79.0%	79.5%
Percentage of Medicaid-eligible children under 21 who receive appropriate preventative health care screenings	47.0%	49.0%	50.0%

CHILD PROTECTIVE SERVICES IMPROVEMENTS

Missouri continues to experience dramatic growth in the number of children in out-of-home placement. Foster care and adoptive placements are necessary to provide stable, safe environments for children separated from abusive or neglectful parents. Over the last few years, DSS has relied extensively on extended family members to act as foster parents for children, mirroring national trends. One of the factors contributing to the increase in "kinship" foster care placements is a shift in the focus of child welfare agencies toward more family-centered services. Since children are more likely to be familiar with a kin caregiver, many experts suggest that these placements may be less traumatic and disruptive for children than placements with non-relatives. The Grandparents as Foster Parents Program, created by HB 509 (1997), which provides foster care payments to grandparents who have legal custody or guardianship of their grandchildren, has experienced exponential growth in the last few fiscal years. At the same time, traditional foster care placements have continued to remain high. Missouri's adoption rate also continues to climb as an outgrowth of the passage of the Adoption and Safe Families Act in 1997.

While there are many successes to talk about in Missouri's Child Welfare Program, some areas are still in need of improvement. A report released by the State Auditor's Office cited concerns with the existing child abuse and neglect reporting and response system that currently exists in the Division of Family Services (DFS). As a result, investment will be made in the infrastructure and training capacity of the Division in the Fiscal Year 2002 budget. In an effort to foster cooperation between the various departments charged with protecting Missouri's children, the Governor recommends funding a collaborative effort between DSS, the Office of State Courts Administrator, and the University system to minimize the length of stay for children in foster care. The budget includes an increase of \$42.2 million to provide safe environments for abused and neglected children and prevent child abuse and neglect from occurring in Missouri families. To strengthen these efforts, Governor Holden recommends:

- \$21 million for caseload growth and cost-to-continue the Fiscal Year 2001 supplemental in the Grandparents as Foster Parents Program.

\$8.3 million cost-to-continue the Fiscal Year 2001 supplemental in the Children's Services Pool due to caseload growth in the Adoption Subsidy and Foster Care programs and increased costs in Children's Treatment Services.

- \$5.6 million for caseload growth of 1,400 children in the Adoption/Guardianship Subsidy Program.
- \$5.4 million for one-time infrastructure and training needs to help ensure the safety of children who come into contact with the DFS Child Welfare System.
- \$1.9 million for a collaborative effort between DSS, the Office of State Courts Administrator, and the University system to minimize the length of stay for children in foster care.

Some performance measures the Department of Social Services uses to evaluate the quality of early childcare and the safety of Missouri's children follow:

	FY 1998	FY 1999	FY 2000
Percentage of accredited childcare providers serving state subsidized children	17.33%	26.28%	23.12%
Rate of abused children (per 100,000)	896	653	N/A
Rate of Missouri children entering out-of-home care (per 100,000)	473	477	N/A
Number of Missouri children in foster care (as of year end)	11,352	11,513	12,041
Number of children in state custody who are adopted	713	1,008	1,157
Number of children in DSS custody for whom guardianship is established	186	294	345
Percentage of Missouri children with substantiated child abuse/neglect reports	1.05%	.73%	.66%

ENHANCING SUPPORT FOR ELDERLY AND DISABLED CITIZENS

Governor Holden supports services to help seniors and adults with disabilities maintain their independence, autonomy, and safety. The goal of promoting independence and quality of life for the elderly and persons with disabilities is a priority for the Governor. Demographic information indicates that 18.1 percent of Missouri residents are over the age of 60 and seniors will comprise 26 percent of the state's population by 2025. Missouri ranks 13th nationally in the percent of population age 65 and over. In the 1990s, Missouri's oldest seniors, those age 85 and over, increased by over 30 percent. Missouri's social and economic vitality is critically linked to this changing demographic picture. As the elderly population of Missouri increases, the number of elderly who are provided health care by the state's Medicaid Program will also increase. In addition, as the total population increases, the number of persons with disabilities accessing Medicaid will also rise. The increased number of persons receiving medical services through the state, coupled with the rising cost of health care, will result in a significant increase in health care costs paid by the state. Although these two populations represent only 23 percent of all Medicaid eligibles, they represent 71 percent of all health care expenditures in the program.

PHARMACY ASSISTANCE PROGRAM FOR SENIORS AND DISABLED PERSONS ON MEDICARE

Governor Holden is committed to using some of the tobacco settlement funds to provide seniors and disabled persons on Medicare with some relief from the soaring costs of prescription drugs. The number of Missouri seniors, those over 65, is rapidly increasing. Today, there are over 750,000 seniors. However, by 2025 our senior population will exceed 1.2 million, which will be almost 20 percent of Missouri's population. National statistics indicate that prescription drug expenses constitute 17 percent of a senior's total out-of-pocket expenses per year; a tremendous amount for people who have limited incomes. The goal of the Holden Administration will be to provide safety-net coverage to Missouri seniors. See the Healthy Families section of the Missouri Budget for more details on the plan.

In Fiscal Year 2002, the Governor recommends the following for enhancing support of elderly and disabled Missourians:

- \$3.1 million to address premium increases for Medicare Part A, and to pay all or part of the Medicare Part B premiums for individuals whose incomes are between 120 percent and 175 percent of the federal poverty

level.

- \$362,758 to fund the remaining six months of in-home rate increases not funded in Fiscal Year 2001.

Some performance measures the Department of Social Services uses to evaluate the health, safety, and independence of Missouri's elderly and disabled citizens follow:

	FY 1998	FY 1999	FY 2000
Percentage of seniors and persons with disabilities who are abused, neglected, or exploited	.73%	.76%	.84%
Percentage of Medicare/Medicaid long-term care facilities in substantial compliance	30.4%	33.1%	23.3%
Percentage of long-term care abuse/neglect reports that are "unable to verify"	25.3%	20.9%	N/A
Percentage of Medicaid recipients receiving community-based services	20.3%	21.4%	22.6%
Nursing facility cost avoidance due to the Missouri Care Options Program (million of dollars)	\$162.0	\$197.4	N/A

DEPARTMENTAL ADMINISTRATION

ADMINISTRATIVE SERVICES

Departmental Administration includes the director, the director's staff, and the personnel and labor relations section. The director sets policy for the department and ensures implementation of its mandates. The personnel and labor relations section administers a personnel program and human resource management system to serve the department's employees.

The Division of Budget and Finance prepares the department's budget requests, financial reports, and all fiscal notes. Other responsibilities include maintenance of support mechanisms to ensure timely payments to clients, vendors and staff, and timely receipt and disposition of the department's revenues.

The Division of General Services provides a variety of services which support the operations of the department, including working with the Office of Administration to negotiate leases of rental property and all communications systems, providing necessary minor office renovations, operating a copy center, coordinating the inventory and distribution of office equipment and furniture, and processing requests for lease or purchase of equipment and services.

The Division of Legal Services is responsible for providing legal services for all of the divisions within DSS, providing due process hearings for recipient appeals, investigating fraud and abuse of public assistance programs, conducting background investigations on DSS employees prior to employment, designing and obtaining management reports on fraud collections, and ensuring compliance with United States Department of Agriculture and United States Department of Health and Human Services' requirements relating to discrimination complaints.

The Division of Data Processing is responsible for the development, maintenance, and operation of the department's data processing system. The division processes data on recipients and vendors, prints checks and vendor payments, and provides management reports to other divisions in the department.

Fiscal Year 2002 Governor's Recommendations

- \$1,047,994 to address the increase in State Data Center processing costs associated with the department's existing systems and the Missouri Automated Child Support System (MACSS), including \$534,576 general revenue.
- \$1,000,000 other funds to increase the administrative trust fund's authority to provide an efficient and accurate cost allocation for administrative functions to the appropriate divisions.

- \$300,000 federal funds for increased need in the material and inventory control accounting system for the Division of General Services.
- \$121,033 for pay plan, including \$74,330 general revenue.
- \$1,573,340 federal and other funds transferred from MACSS to the Division of Data Processing.
- \$217,037 transferred from the Division of Youth Services to maintenance and repair, including \$78,794 general revenue.
- \$103,164 transferred from the Work First Pool to the Division of Data Processing to meet data processing needs.
- \$93,689 other funds transferred to the Division of General Services.
- \$58,600 other funds transferred from the Division of Child Support Enforcement to the Office of the Director.
- \$48,803 and one staff transferred from DFS Administration to the Division of Data Processing, including \$28,843 general revenue.
- \$45,024 transferred from DFS to assist with warehouse utilization, including \$24,500 general revenue.
- \$40,846 transferred from the Division of General Services to maintenance and repair, including \$30,708 general revenue.
- \$25,668 transferred from various divisions to the Division of Data Processing for network maintenance expenses, including \$15,170 general revenue.
- \$16,600 federal funds transferred from the Division of Budget and Finance to the various support divisions for phones and postage expenses.
- (\$2,142,802) for one-time expenditures in the Division of Data Processing, including (\$1,221,397) general revenue.
- (\$1,565,708) and (five) staff in core reduction in the Division of Data Processing from the Fiscal Year 2001 appropriation level, including (\$793,055) general revenue.
- (\$1,550,000) core reduction of Legal Aid Grants from the Fiscal Year 2001 appropriation level, to be replaced with \$1,550,000 other funds pending approval of SB 39 this legislative session.
- (\$984,912) for one-time expenditures in the Division of Budget and Finance, including (\$698,725) general revenue.
- (\$506,667) and (12) staff transferred from the Division of Budget and Finance to the Division of Medical Services, including (\$411,409) general revenue.
- (\$451,800) federal funds transferred from the Division of Budget and Finance to the various divisions for postage and phone expenses.
- (\$160,779) for one-time expenditures in the Division of General Services.
- (\$109,502) core reduction from the Fiscal Year 2001 appropriation level.
- (\$58,600) and (one) staff in core reduction in the Office of the Director from the Fiscal Year 2001 appropriation level.
- (\$40,846) transferred from the Division of General Services to maintenance and repair, including (\$30,708) general revenue.
- (\$34,896) and (five) staff in core reduction in the Division of General Services from the Fiscal Year 2001 appropriation level.
- (\$5,000) core reduction in the Office of the Director from the Fiscal Year 2001 appropriation level.

OFFICE OF THE DIRECTOR

DIVISION OF CHILD SUPPORT ENFORCEMENT

Administration - Missouri's Division of Child Support Enforcement (DCSE) locates missing parents; helps establish paternity, medical support, and financial child support obligations; and collects and disburses support payments both for TANF and for participating non-TANF families. The state retains approximately 33 percent of all child support collected on TANF cases. The division also supports development of MACSS as required by the

Family Support Act of 1988.

Parents Fair Share - This program provides work search assistance, education, and training services to non-custodial parents to increase their earning potential and ensure the payment of their child support obligations. This program was transferred from DFS to allow utilization of the Division of Child Support Enforcement's expertise in assisting families who are no longer intact.

Privatization - This program supports contracts with private agencies to collect child support payments. The contractor is paid on a contingency basis.

Local Agreements - This funding supports contractual agreements with local governments to assist the division with paternity cases. Agreements also exist to assist the division with all types of child support referrals through the establishment of multi-county full service centers.

Reimbursement to Counties - This program provides reimbursement to counties that have signed a cooperative agreement with the Child Support Enforcement (CSE) Program. Child support collection and prosecution costs incurred by the counties are reimbursed by the federal government at a rate of 66 percent.

Federal Reimbursement/Local Incentives - This appropriation provides a mechanism for disbursing the federal and local share of TANF child support collections received by the CSE unit.

State Tax Refund Distribution - This appropriation provides a mechanism for reimbursing absent parents for child support payments overcollected from garnisheed state tax returns.

Fiscal Year 2002 Governor's Recommendations

- \$3,276,849 federal funds and 15 staff to meet the demands of operating the Family Support Payment Center.
- \$265,526 federal and other funds for pay plan.
- \$107,500 federal funds transferred from the Division of Budget and Finance for postage and telephone expenses.
- (\$2,413,609) federal funds core reduction in MACSS due to anticipated spending levels.
- (\$1,573,340) federal and other funds transferred from MACSS to the Division of Data Processing to help replace a shortfall in funds.
- (\$351,416) federal funds for one-time expenditures.
- (\$315,510) core reduction from the Fiscal Year 2001 appropriation level, including (\$104,339) general revenue.
- (\$171,000) other funds core reduction in the State Tax Intercept Program.
- (\$152,289) other funds transferred to various support divisions.
- (\$41,787) other funds transferred to fringes.
- (\$13,077) and (.33) staff and associated expense and equipment transferred to the Division of Budget and Planning for operation of the Washington Office.
- (\$5,456) transferred to the Division of Data Processing, including (\$3,224) general revenue.
- (\$269) core reduction in the Parents Fair Share Program from the Fiscal Year 2001 appropriation level.

DIVISION OF FAMILY SERVICES

ADMINISTRATIVE AND STAFF SERVICES

Administrative Services provides management, coordination, and general direction to all DFS programs. The division director and staff monitor the efficiency and effectiveness of Income Maintenance and Children's Services programs, develop the division's five-year plan, train supervisory and line staff, monitor contracts, review federal

regulations, develop state regulations, and coordinate all fiscal reporting tasks for the division.

Staff Services consists of the day-to-day operation of all Income Maintenance and Children's Services programs administered by DFS. Funds in these sections support income maintenance and social service workers, administrative and supervisory staff, and clerical support positions in DFS county offices.

Fiscal Year 2002 Governor's Recommendations

- \$5,354,752 for one-time training and technology upgrades to improve service provision to children, including \$4,000,000 general revenue.
- \$1,947,694 federal and other funds for 17 staff to participate in a collaborative effort between DSS, the Office of State Courts Administrator, and the University system to minimize the length of stay for children in foster care.
- 19 staff in Field Services to continue existing welfare reform efforts.
- \$1,196,396 for pay plan, including \$357,729 general revenue.
- \$1,696,836 transferred from the Work First Pool to Field Staff, including \$796,836 general revenue.
- \$259,800 federal funds transferred from the Division of Budget and Finance for postage and telephone expenses.
- (\$9,470,000) transferred to Community Initiatives in DFS, including (\$4,450,000) general revenue.
- (\$5,779,080) federal funds and (171.38) staff in core reduction in the Field Staff and Line Staff sections due to federal budget cuts in the Social Services Block Grant.
- (\$704,913) core reduction in the Family Assistance Management Information System (FAMIS) from the Fiscal Year 2001 appropriation level, including (\$493,862) general revenue.
- (\$525,986) for one-time expenditures, including (\$377,753) general revenue.
- (\$48,803) and (one) staff and associated expense and equipment transferred to the Division of Data Processing, including (\$28,843)
- (\$48,486) and (one) staff in core reduction in Blind Administration from the Fiscal Year 2001 appropriation level.
- general revenue.
- (\$45,024) transferred to the Division of General Services, including (\$24,500) general revenue.
- (\$15,004) transferred to the Division of Data Processing from Field Services, including (\$8,867) general revenue.
- (\$13,078) and (.34) staff and associated expense and equipment transferred to the Division of Budget and Planning for operation of the Washington Office.

INCOME MAINTENANCE

Direct Client Support and Community Initiatives (formerly FUTURES Services) - Missouri operates the federal Job Opportunity and Basic Skills (JOBS) Program through its Direct Client Support Program. TANF recipients participate in the Direct Client Support Program to achieve self sufficiency through employment. This program provides supportive services that enable TANF recipients to obtain and retain employment. DFS also partners with local communities in innovative initiatives to prevent welfare dependence and help individuals transition off of welfare.

Food Stamp Employment and Training Program - Under federal law, Missouri is required to operate an employment and training program for food stamp recipients. This program is the Missouri Employment and Training Program which provides food stamp recipients with an opportunity to become employed and self sufficient through participation in program components.

Purchase of Childcare - A key to successful welfare reform is access to affordable childcare. Without childcare assistance, many parents could not participate in job training, education, or maintain employment which would allow them to become self sufficient and end their dependence on government assistance. In the 1998 legislative session, the General Assembly passed HB 1519. This bill created the early childhood education fund to support programs that prepare pre-kindergarten children to enter school ready to learn. The Educare Program is another important piece of the Childcare Program. It works within communities to increase a child's educational opportunities through enhanced services offered to providers and families to ensure that children will be ready to learn when they enter school.

Temporary Assistance for Needy Families (formerly Aid to Families With Dependent Children) - Temporary Assistance for Needy Families (TANF) is a program designed to provide assistance to families so parents are not dependent on welfare payments and children do not grow up in poverty. Under federal welfare reform in 1996, TANF was designed to be a temporary assistance which, coupled with a myriad of other support services, would enable parents to find and retain employment, thereby enabling them to support their families without government assistance. Missouri continues to implement new, innovative programs designed to meet the diverse needs of TANF recipients.

Grandparents as Foster Parents - Caring for a grandchild often places additional financial, social, and psychological strain on grandparents with fixed incomes. Grandparents as Foster Parents was established to provide payments at the foster care payment level to grandparents who have either legal guardianship or legal custody of their minor grandchildren.

Adult Supplementation - The federal government assumed responsibility for Old Age Assistance, Aid to the Permanently and Totally Disabled, and Aid to the Blind programs in January 1974 when it created the Supplemental Security Income (SSI) Program. Recipients who are eligible for SSI, but who receive smaller benefits than their December 1973 payments, receive payments from the state equal to the difference. Recipients who are not eligible for SSI, but who received payments under one of the earlier programs, receive payments from the state equal to the amount they received in December 1973. The caseload has been declining since 1973 as recipients die, become ineligible through income changes, or leave the state.

Nursing Care - This state-funded program makes monthly cash payments to residents of nursing and residential care homes who are eligible for Medicaid, but occupy a facility not certified for Medicaid, or who receive care in a Residential Care I or II facility. The type of facility appropriate for clients is to a great extent dictated by their level of need for care. Minimal medical care is provided in Residential Care I, more in Residential Care II, and significantly more in Intermediate Care. Supplemental Nursing Care recipients also are provided an allowance each month for personal needs such as toiletries, transportation, and hair care.

General Relief/Supplemental Security Income - General Relief provides assistance to needy and medically unemployable adults who do not qualify under any other assistance programs. Recipients receive a small monthly payment which allows them to maintain their independence while receiving necessary medical treatment, rehabilitative services, or pursuing a longer term solution for maintenance if the disability becomes long term. If a General Relief recipient becomes eligible for SSI, Missouri is reimbursed for any General Relief payments paid to the individual while the claim was pending.

Blind Pension and Supplemental Aid to the Blind - Three separate programs assist blind persons. The first, Supplemental Aid to the Blind, pays benefits to those who meet certain income requirements. The second, Blind Pension, aids the blind who do not qualify for Supplemental Aid to the Blind and who do not own property -- excluding homes -- worth more than \$20,000. Currently, both programs provide a maximum monthly grant of \$398 unless the claimant qualifies for a higher payment by residing in a licensed nursing home. The third program, Adult Supplemental Payments, aids those who received state assistance before the federal SSI Program began in 1974, but who receive less from SSI than from the earlier program. New cases that meet the state's 1973 guidelines also

may be certified for assistance. All of these programs are funded from an earmarked state property tax that provides revenue to the blind pension fund.

Community Services Block Grant, Emergency Shelter Grants, Homeless Funding, and Refugee Assistance -

Community Services Block Grant (CSBG) funds are used to strike at six causes of poverty: unemployment, inadequate education, malnutrition, inadequate housing, unmet emergency needs, and poor use of income. Federal statutes require that 90 percent of CSBG funding be passed through to Community Action Agencies. The Emergency Shelter Grants Program provides grants to local governments to be used for renovation or conversion of buildings for emergency shelters and to help meet the cost of emergency shelter operations. Homeless Challenge Grants offer local communities matching funds to establish programs to combat homelessness. The Refugee Assistance Program provides services to help refugees overcome language barriers, acquire or adapt vocational skills, and adjust to their new environment.

Surplus Food Distribution - The federally-funded Surplus Food Distribution Program enables DFS to store, ship, and distribute processed surplus commodity food to eligible individuals, families, charitable institutions, and organizations.

Energy Assistance - The Low-Income Home Energy Assistance Program (LIHEAP) is a federally-funded block grant which provides heating assistance payments, crisis assistance, and weatherization services to low-income households.

Fiscal Year 2002 Governor's Recommendations

- \$15,000,000 federal funds to continue the Fiscal Year 2001 Childcare supplemental.
- \$11,709,468 for anticipated caseload growth in the Grandparents as Foster Parents Program.
- \$9,274,737 to continue the Fiscal Year 2001 supplemental in the Grandparents as Foster Parents Program.
- \$4,854,442 federal funds to spend available TANF cash.
- \$4,494,696 federal funds for additional federal authority in the LIHEAP Program.
- \$1,250,000 other funds to replace TANF funds in DSS early childhood programs.
- \$1,045,800 other funds to increase Blind Pension payments \$25 a month.
- \$150,000 other funds to continue the Fiscal Year 2001 supplemental in the Blind Pension Program.
- \$61,439 other funds and one staff to provide technical assistance to DSS early childhood initiatives.
- \$9,470,000 transferred from the Work First Pool to Community Initiatives, including \$4,450,000 general revenue.
- \$4,883,693 transferred from the Work First Pool to the Childcare Program, including \$1,612,362 general revenue.
- \$4,700,000 transferred from the Work First Pool to TANF cash payments.
- \$3,781,480 transferred from Community Initiatives to Direct Client Services.
- (\$15,165,173) transferred to various appropriations, including (\$10,993,842) general revenue.
- (\$7,351,565) core reduction in Community Initiatives from the Fiscal Year 2001 appropriation level, including (\$5,071,733) general revenue.
- (\$1,695,800) other funds core reduction in early childhood grants due to declining revenue in the early childhood fund and expenditure of one-time fund revenue.
- (\$596,500) other funds core reduction in the Early Head Start Program due to declining revenue in the early childhood fund.
- (\$596,500) other funds core reduction in accreditation grants due to declining revenues in the early childhood fund.
- (\$596,500) other funds core reduction for certificates for at-home parents due to declining revenues in the early childhood fund.
- (\$50,000) core reduction to reflect the anticipated caseload decline in the Adult Supplementation Program.
- (\$47,371) federal funds core reduction in the Childcare Program due to federal budget cuts in the Social

Services Block Grant.

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	GOVERNOR RECOMMENDS FY 2002
Average Number of Children Receiving Childcare Per Month	46,179	45,198	52,031
Number of Families Receiving TANF (Annually)	48,354	48,876	46,099
Average Monthly Payment Per Household	\$244	\$244	\$244
Average Length of Time on TANF (Months)	36	36	35.7
General Relief Active Cases	6,982	7,468	7,989
Supplemental Aid to the Blind Recipients	772	802	833
Blind Pension Recipients	2,528	2,540	2,550
Blind Adult Supplemental Payments Recipients	103	103	103
Direct Client Support	\$ 12,588,440	\$ 10,346,605	\$ 14,128,085
Community Initiatives	28,500,755	13,626,095	5,433,799
Food Stamp Training	3,233,502	7,182,000	7,182,000
Purchase of Childcare	150,621,516	160,828,152	178,490,613
Temporary Assistance for Needy Families (TANF)	145,799,565	140,300,000	145,000,000
Grandparent Foster Care	0	1,400,000	22,384,205
Food Stamp Wage Supplement	0	1,500,000	1,500,000
Electronic Food Benefit Distribution	267,176,636	0	0
Adult Supplementation	345,584	365,000	315,000
Nursing Care	24,663,855	25,538,684	25,538,684
General Relief	6,979,150	6,290,000	6,290,000
Supplemental Security Income	2,536,795	4,000,000	4,000,000
Blind Pension/Supplemental Aid to the Blind	15,262,126	15,971,788	17,167,588
Refugee Assistance	2,790,177	3,812,553	3,812,553
Community Services Block Grant	13,242,066	15,603,980	15,603,980
Homeless Challenge Grant	455,775	500,000	500,000
Emergency Shelter Grants	1,148,388	1,340,000	1,340,000
Food Distribution Programs	716,962	1,000,000	1,000,000
Energy Assistance	31,481,096	28,300,000	32,794,696
TOTAL	\$ 707,542,388	\$ 437,904,857	\$ 482,481,203
PERSONAL SERVICE			
General Revenue Fund	2,780,362	45,328	706,464
Department of Social Services - Federal Funds	2,971,413	4	2,233,649
Early Childhood Development, Education and Care Fund	0	0	40,716
EXPENSE AND EQUIPMENT			
General Revenue Fund	2,892,684	124	570,114
Department of Social Services - Federal Funds	6,727,379	2,689	4,547,973
Early Childhood Development, Education and Care Fund	0	0	20,723
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	124,169,313	122,584,327	140,765,673
Food Stamp EBT Settlement Fund	267,176,636	0	0
Department of Social Services - Federal Funds	276,969,949	282,272,445	301,635,451
Blind Pension Fund	15,262,126	15,971,788	17,167,588
Early Childhood Development, Education and Care Fund	8,592,526	17,028,152	14,792,852
TOTAL	\$ 707,542,388	\$ 437,904,857	\$ 482,481,203
General Revenue Fund	129,842,359	122,629,779	142,042,251
Food Stamp EBT Settlement Fund	267,176,636	0	0
Department of Social Services - Federal Funds	286,668,741	282,275,138	308,417,073
Blind Pension Fund	15,262,126	15,971,788	17,167,588
Early Childhood Development, Education and Care Fund	8,592,526	17,028,152	14,854,291
Full-time equivalent employees	209.54	0.00	1.00

SERVICES FOR THE BLIND

Professional staff in Rehabilitation Services for the Blind counsel and train blind and other visually impaired Missourians, arrange for the purchase of other services, and help the blind find jobs. Services include rehabilitation, vocational rehabilitation, diagnosis and treatment of eye disease, equipment and supplies for blind preschool children, the Public Building Vending Program, and the Readers for the Blind Program.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

CHILDREN'S PROGRAMS

Children's Treatment Services, Child Abuse and Neglect Grant, and Intensive In-Home Services - This program provides intensive family-centered services to child abuse victims and their parents. Specific services include family therapy, homemaker services, respite care, parent aides, childcare, crisis nursery services, and incentive subsidies to encourage local units of government to develop community programs to combat child abuse and neglect. The Family Reunification Program provides home-based services aimed at reuniting children with their families. The Family Preservation Program provides intensive, in-home services to help prevent placement of children in foster care and keep children with their families.

Foster Care, Children's Account, and Adoption Subsidy - This program provides monthly room and board payments for children in the custody and care of DFS. Current room and board rates for age groups are as follows: 0-5 years, \$227; 6-12 years, \$277; and 13 and over, \$307. Payments also are made for non-Medicaid medical and dental services, clothing, transportation, foster parent training, and other needs. Children in state custody may receive funds from a variety of sources, including SSI and child support payments. These monies are used to offset the cost of maintaining the child in foster care and to pay for any special expenses of the child. The Adoption Subsidy Program provides financial assistance to parents who adopt special needs children.

Children's Programs Pool - In the Fiscal Year 1992 budget, a separate pool appropriation was developed for services for children and families. Each line item for the following children's programs was reduced by ten percent to create a children's programs pool: Children's Treatment Services, Family Preservation, Foster Care, Adoption Subsidy, and Independent Living. This pooled appropriation allows flexible spending within these children's service areas.

Residential Treatment, Independent Living, and IV-E Court Contracts - Residential facilities are used when foster care cannot meet the children's treatment needs. The division contracts with a wide range of treatment programs ranging from small group homes to large self-contained resident campuses. Facilities must be licensed and meet the division's standards for alternative care. Transitional/Independent Living programs assist foster care children, ages 15 to 21, in learning the necessary skills for the transition from foster care to adult independent living in the community. IV-E Court Contracts allow DFS to pass through federal funds to be used for reimbursement to counties for children placed in the custody of the juvenile court and who are placed in juvenile court residential facilities.

Psychiatric Diversion - This program's primary purpose is to keep children out of expensive inpatient psychiatric hospitals, while providing them with the necessary services to help them deal with their severe behavioral and emotional problems.

Caring Communities - The Departments of Social Services, Mental Health, Health, Elementary and Secondary Education, Labor and Industrial Relations, Corrections, and Economic Development have joined in a collaboration designed to improve the current human services delivery system. By working at the community level, programs are

designed to fit the unique needs of each separate community, utilizing a school-based approach to delivering services. Each Caring Communities site is responsible for achieving core goals aimed at assuring that parents are employed and that children grow up healthy, safe, and prepared to enter productive adulthood.

Domestic Violence - This program provides grants to local communities for family violence shelters or services. Grants may be used for emergency shelters, counseling, and education services for families in community-based shelters.

Fiscal Year 2002 Governor's Recommendations

- \$8,260,256 to continue the Fiscal Year 2001 supplemental in the Children's Services Pool due to caseload growth in the Adoption Subsidy and Foster Care programs and increased costs in Children's Treatment Services, including \$4,994,397 general revenue.
- \$5,582,972 for increased costs due to caseload growth of 1,400 children in the Adoption/Guardianship Subsidy Program, including \$2,909,287 general revenue.
- \$523,228 federal funds for the Independent Living Program.
- \$347,534 federal funds to continue the Fiscal Year 2001 supplemental in the Domestic Violence Program.
- \$3,644 for pay plan.
- (\$3,462,182) core reduction due to savings realized through implementing a Medicaid waiver in residential treatment with a corresponding increase of \$3,462,182 federal funds.
- (\$1,307,210) core reduction in the Psychiatric Diversion Program from the Fiscal Year 2001 appropriation level, including (\$729,031) general revenue.
- (\$626,757) federal funds core reduction in the Residential Treatment and Children's Treatment Services programs due to federal budget cuts in the Social Services Block Grant.
- (\$495,112) core reduction in the Children's Pool from the Fiscal Year 2001 appropriation level, including (\$237,654) general revenue.
- (\$258,199) core reduction in the Caring Communities Program from the Fiscal Year 2001 appropriation level.

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	GOVERNOR RECOMMENDS FY 2002
Individuals Served Through Children's Treatment Services (Average Per Month)	3,542	3,542	3,153
Families Served Through Family Reunification	60	60	60
Families Receiving Intensive In-Home Services	1,608	1,700	1,700
Children Moving from Foster Care to Permanent Placements	6,510	6,567	6,607
Number of Adoptions Finalized	1,157	1,400	1,400
Average Length of Time in Care Prior to Adoption (Months)	41.0	40.0	39.0
Children in Residential Treatment Centers (Average Per Month)	2,094	2,094	2,094
Children in Transitional/Independent Living (Annually)	N/A *	3,000	5,400
Number of Children Receiving Psychiatric Diversion Services	1,689	1,800	1,900
Number of Caring Community Partnerships	21	21	21

*Program operates on a federal fiscal year. FFY 2000 data is not available at this time.

Children's Treatment Services	\$ 13,607,611	\$ 14,077,297	\$ 13,816,047
Foster Care	35,658,401	39,851,174	39,851,174
Adoption Subsidy	32,724,535	42,206,814	47,789,786
Independent Living	3,341,681	4,650,000	5,173,228
Children's Program Pool	11,439,953	11,387,035	19,152,179
Child Assessment Centers	1,702,374	2,250,000	2,250,000
Residential Treatment Services	65,530,000	68,718,287	68,352,780
Psychiatric Diversion	16,889,960	17,559,861	16,252,651
Caring Communities	9,469,961	10,871,987	10,617,432
IV-E Court Contracts	282,245	700,000	700,000
Domestic Violence	3,799,582	3,800,000	4,147,534
Child Abuse and Neglect Grant	691,150	1,000,000	1,000,000
Children's Account	1,124,511	9,000,000	9,000,000
TOTAL	\$ 202,861,964	\$ 226,072,455	\$ 238,102,811
PERSONAL SERVICE			
General Revenue Fund	700,443	791,987	795,631
Division of Family Services - Federal Funds	0	1	1
EXPENSE AND EQUIPMENT			
General Revenue Fund	7,635,304	125,220	7,008,185
Division of Family Services - Federal Funds	4,309,954	125,220	6,319,258
Alternative Care Trust Fund	653,919	4	655,000
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	108,172,900	123,050,959	119,384,612
Temporary Assistance for Needy Families - Federal Funds	775,232	1,050,000	3,989,803
Division of Family Services - Federal Funds	73,543,620	91,929,068	91,605,321
Alternative Care Trust Fund	7,070,592	8,999,996	8,345,000
TOTAL	\$ 202,861,964	\$ 226,072,455	\$ 238,102,811
General Revenue Fund	116,508,647	123,968,166	127,188,428
Temporary Assistance for Needy Families - Federal Funds	775,232	1,050,000	3,989,803
Division of Family Services - Federal Funds	77,853,574	92,054,289	97,924,580
Alternative Care Trust Fund	7,724,511	9,000,000	9,000,000
Full-time equivalent employees	12.57	17.35	17.35

DIVISION OF YOUTH SERVICES

The Division of Youth Services (DYS) is divided into three functional areas: management and development, residential services, and alternative services.

Management and Development is the central administrative unit with overall responsibility for designing, implementing, managing, and evaluating all programs operated by the division. Five regional offices supplement the efforts of central office staff and assure program efficiency and effectiveness at the local level.

Residential Services provides youthful offenders with structured rehabilitation programs when placement at home is no longer an option. Educational Services, a component of this program area, provides academic and vocational education to youth in residential placement. The division has six secure facilities: Northwest Regional Youth Center in Jackson County; Hogan Street Youth Center in St. Louis City; Fulton Treatment Center in Callaway County; Mount Vernon Treatment Center in Lawrence County; Hillsboro Treatment Center in Jefferson County; and St. Joseph Treatment Center in Buchanan County. The division also operates 17 moderately secure facilities and 6 community-based facilities.

Alternative Services helps youthful offenders adjust to acceptable norms of behavior. The division provides several types of alternative services: case management and classification; community care which includes day treatment, intensive supervision, and alternative living; aftercare; and the Juvenile Court Diversion Program. Case management and classification involves evaluating youths' needs before they are assigned to one of the division's programs and managing their service delivery plan during their entire length of stay with the division. Primary care

involves treatment of youth in the community without the youth being placed in a DYS facility. Alternative living purchased by the division includes foster care and proctor care for juveniles who cannot return to their facility. Day treatment programs provide intensive treatment services for youth who continue to live at home. Intensive supervision provides tracking and mentoring to youth in the community. Aftercare is the provision of counseling and other services to help juveniles return to their families and communities when released from one of the division's facilities. Finally, the Juvenile Court Diversion Program encourages local communities to develop programs to divert youth from commitment to DYS.

Fiscal Year 2002 Governor's Recommendations

- \$685,299 and 15 staff and associated expense and equipment to open the ten-bed expansion at Camp Avery, including \$555,563 general revenue.
- \$310,724 for pay plan, including \$240,112 general revenue.
- \$45,350 transferred from leasing to Youth Treatment services.
- \$19,400 federal funds transferred from the Division of Budget and Finance for postage and telephone expenses.
- (\$2,073,270) federal funds core reduction in Youth Treatment programs due to federal budget cuts in the Social Services Block Grant.
- (\$644,000) core reduction in the Juvenile Court Diversion Program from the Fiscal Year 2001 appropriation level, with a corresponding increase in local match.
- (\$530,780) other funds core reduction for one-time expenditures.
- (\$217,037) transferred from Youth Treatment services to maintenance and repair, including (\$78,794) general revenue.
- (\$39,299) and (one) staff in core reduction in DYS Administrative Services from the Fiscal Year 2001 appropriation level.
- (\$1,240) transferred from Youth Treatment programs to the Division of Data Processing, including (\$733) general revenue.

DIVISION OF MEDICAL SERVICES

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	GOVERNOR RECOMMENDS FY 2002
Administrative Services	\$ 29,196,575	\$ 49,255,109	\$ 63,290,470
Medicaid Vendor Payments and Managed Care	3,067,866,796	3,404,897,561	3,830,235,771
State Medical	26,805,713	27,100,000	29,451,838
DIVISIONAL TOTAL	\$ 3,123,869,084	\$ 3,481,252,670	\$ 3,922,978,079
PERSONAL SERVICE			
General Revenue Fund	3,248,203	3,542,197	3,947,347
Federal Funds	4,508,586	4,854,918	4,934,761
Pharmacy Rebates Fund	0	16,476	16,581
Third Party Liability Collections Fund	186,750	245,116	247,216
Nursing Facility Quality of Care Fund	67,818	69,849	70,374
Health Initiatives Fund	246,128	261,437	263,435
EXPENSE AND EQUIPMENT			
General Revenue Fund	8,508,360	6,987,943	11,185,521
Federal Reimbursement Allowance Fund	18,952	2	2
Federal Funds	14,640,637	32,065,814	40,370,137
Uncompensated Care Fund	0	2	2
Pharmacy Rebates Fund	0	5,112	5,112
Third Party Liability Collections Fund	715,167	1,664,667	1,664,667
Intergovernmental Transfer Fund	0	0	543,677
Nursing Facility Quality of Care Fund	10,282	10,281	10,281
Health Initiatives Fund	30,444	31,385	31,385



ADMINISTRATIVE SERVICES

Medical Services staff oversee the operation of the Medicaid and State Medical programs. Responsibilities include provider reimbursement; provider enrollment and relations; monitoring changes in the health care professions and their payment structures; maintaining liaison with federal agencies involved in medical services; developing policies and procedures for the operation of the program; and developing new, innovative methods of controlling health care costs through managed care plans, alternative care programs, and third party liability collections.

Fiscal Year 2002 Governor's Recommendations

- \$5,750,000 to contract with a Pharmacy Benefit Manager (PBM) to manage the Medicaid pharmacy program, including \$2,875,000 general revenue.
- \$5,063,769 and one staff to contract for anti-fraud software that applies pre-payment edits to claims, including \$1,281,884 general revenue.
- \$2,383,947 to fund one-time costs of the new fiscal agent for implementation, operation, enhancement, and maintenance of the Medicaid Management Information System (MMIS), including \$119,538 general revenue.
- \$424,726 and nine staff to enhance program integrity through efforts to detect and deter fraudulent activities, and to process hospital cost reports in a timely manner, including \$212,363 general revenue.
- \$59,754 for pay plan, including \$24,120 general revenue.
- \$1,500,000 federal funds transferred from the Medicaid Outreach Appropriation to the MC+ Enrollment Program.
- \$506,667 and 12 auditors transferred from the Division of Budget and Finance to the Division of Medical Services, including \$411,409 general revenue.
- \$24,000 federal funds transferred from the Division of Budget and Finance for postage and phone expenses.
- (\$1,000,000) core reduction from the Fiscal Year 2001 appropriation level for the Women and Minority

Health Care contract, including (\$500,000) general revenue. A portion of these funds will be redirected to the Department of Health to fight auto-immune deficiency disease (AIDS) and HIV in the African American community.

- (\$537,002) and (ten) staff in core reduction from the Fiscal Year 2001 appropriation level, including (\$244,766) general revenue.
- (\$127,422) one-time reduction, including (\$63,711) general revenue.
- (\$13,078) and (.33) staff and associated expense and equipment transferred to the Division of Budget and Planning for operation of the Washington office.

MEDICAID VENDOR PAYMENTS AND MANAGED CARE

The Medicaid Program (Title XIX of the Social Security Act) is a federal-state effort to pay the health care of those who cannot pay for their own care. Federal law sets the minimum provisions for any state that opts to administer a Medicaid Program. These include hospital, physician, laboratory, skilled nursing home care, home health care, and family planning services. Other allowable optional services in Missouri's Medicaid Program are prescription drugs, clinic services, ambulance, adult daycare, personal care services, homemaker and chore services, durable medical equipment, psychiatric services, rehabilitation services, long-term care, hospice, dental, and case management. The program also pays for Medicare premiums for eligible individuals.

The 1115 Waiver is a federal-state effort to pay for health care of uninsured children up to 300 percent of poverty and uninsured working parents up to 100 percent of poverty. All adults receiving Medicaid as a result of this waiver will receive a commercial package of services equivalent to that offered to State of Missouri employees. Children will receive a package equal to Medicaid coverage without non-emergency transportation.

The State Medical Program allows General Relief, child welfare services, and Blind Pension recipients who are not eligible for the federal Medicaid Program to receive necessary non-institutional, nursing facility, and hospital medical care.

MEDICAID EXPENDITURES SELECTED SERVICES AND ANNUAL TOTALS (Millions of Dollars)

Fiscal Year	Nursing Facility Payments	Hospital Payments	Non-Institutional Payments	Mental Health Service*	NFFRA/UCF/FRA Program Payments	Managed Care/1115 Waiver	Pool	Health Initiatives Fund/State Medical	Total
1980	97.5	90.3	69.8	0.0	0.0	0.0	0.0	0.0	257.6
1981	139.3	143.2	89.8	0.0	0.0	0.0	0.0	0.0	372.3
1982	155.9	145.2	87.7	0.0	0.0	0.0	0.0	0.0	388.8
1983	175.8	140.6	79.9	1.8	0.0	0.0	0.0	15.8	413.9
1984	192.5	144.7	93.1	2.2	0.0	0.0	0.0	18.4	450.9
1985	207.1	149.1	118.2	2.7	0.0	0.0	0.0	15.9	493.0
1986	225.1	151.7	135.8	5.4	0.0	0.0	0.0	18.3	536.3
1987	243.0	175.2	143.6	6.9	0.0	0.0	0.0	16.0	584.7
1988	258.3	191.2	161.5	9.6	0.0	0.0	0.0	16.8	637.4
1989	257.5	227.4	186.0	16.7	0.0	0.0	0.0	18.4	706.0
1990	278.2	309.4	219.2	29.6	0.0	0.0	0.0	23.8	860.2
1991	340.5	342.5	271.6	40.4	186.0	0.0	0.0	21.4	1,202.4
1992	370.5	408.1	377.1	62.7	487.8	0.0	0.0	18.5	1,724.7
1993	419.6	437.7	461.3	100.1	408.2	0.0	0.0	20.1	1,847.0
1994	439.0	473.9	568.6	133.2	323.8	0.0	0.0	25.8	1,964.3
1995	452.8	493.1	671.6	156.6	367.6	0.0	0.0	24.8	2,166.5
1996	453.9	416.7	690.2	179.6	325.0	0.0	0.0	26.5	2,091.9
1997	447.4	309.0	665.0	193.1	363.8	321.2	32.2	52.0	2,383.7
1998	462.5	277.5	760.8	205.5	382.2	378.2	51.7	44.4	2,562.8
1999	477.6	309.0	881.7	236.8	450.2	463.5	63.9	46.1	2,928.8
2000	477.4	365.0	1,020.4	147.3	428.3	520.4	39.6	41.5	3,039.8
2001*	454.9	381.6	1,188.3	185.2	478.5	643.5	55.7	42.8	3,430.5
2002**	574.0	451.0	1,383.9	185.2	478.5	702.7	54.2	29.5***	3,859.0

* Appropriated amounts

** Recommended amounts

*** Health Initiatives funding has been transferred to reflect actual expenditures in various lines.

	FY 2000	FY 2001	FY 2002
Percentage of low-income Missourians participating in Medicaid	84.30%	86.00%	87.00%
Average life expectancy for Missourians	75.7	75.7	75.7
Average number of Fee-for-Service eligibles*	354,688	343,386	355,156
Average monthly cost per eligible for Fee-for-Service*	\$660.36	\$679.56	\$698.76
Average number of eligibles enrolled in Managed Care*	250,550	254,817	285,122
Average monthly cost per eligible for Managed Care*	\$106.29	\$110.73	\$115.17
Number of children receiving health care through 1115 Waiver	60,771	68,483	69,000
Average monthly cost per eligible for 1115 Waiver children	\$82.88	\$105.30	\$127.72
Number of adults with children receiving health care through 1115 Waiver	53,936	68,079	69,000
Average monthly cost per eligible for 1115 Waiver adults	\$81.28	\$109.48	\$137.68
Number of women moving through transitional Medicaid and requiring women's health services under the 1115 Waiver	14,523	34,554	35,000
Number of total EPSDT/HCY screens	158,468	190,106	190,106

*Excludes 1115 Waiver

Fiscal Year 2002 Governor's Recommendations

- \$254,928,351 for increased costs of prescriptions, caseload growth, utilization of pharmacy prescriptions by the elderly and those with disabilities, and other anticipated increases, including \$94,076,678 general revenue.
- \$133,000,000 federal and other funds for one-time start up grants to increase efficiency and quality of care in nursing homes.
- \$87,843,123 for the additional anticipated costs of existing Medicaid programs to ensure that all program cores are sufficiently funded to meet projected expenditures, including \$12,065,687 general revenue.
- \$64,984,998 for anticipated caseload increases in Medicaid programs, including \$25,307,761 general revenue.

\$28,132,105 federal and other funds for the remaining months of the Fiscal Year 2001 managed care trend factor.

- \$22,025,705 federal and other funds to provide a trend factor for managed care of 4.1 percent in the eastern and central regions and 15 percent in the western region.
- \$4,556,941 to fund the remaining six months of rate increases for in-home providers not funded in Fiscal Year 2001, including \$1,774,928 general revenue.
- \$3,593,553 for an adjustment to address the change in the federal participation percentage, including \$1,564,640 general revenue.
- \$3,080,199 to compensate for anticipated increases in Medicare Part A & B premiums, including \$1,144,647 general revenue.
- \$1,680,000 other funds to replace one-time uncompensated care funds used in Fiscal Year 2001 for the Medicaid supplemental pool.
- (\$91,520,625) core reduction in pharmacy as a result of savings associated with contracting with a Pharmacy Benefit Manager, including (\$35,702,164) general revenue.
- (\$18,241,667) core reduction in pharmacy for savings associated with the cost containment efforts implemented in Fiscal Year 2001, including (\$7,105,130) general revenue.
- (\$13,333,336) core reduction in pharmacy for savings associated with removing the pay and chase waiver, including (\$5,193,334) general revenue.
- (\$12,836,970) core reduction in pharmacy for savings from adding additional drugs to the state's maximum allowable cost, including (\$5,000,000) general revenue.
- (\$8,719,483) core reduction in nursing homes due to increases in patient surpluses, including (\$3,399,778) general revenue.
- (\$4,955,425) core reduction for savings from additional auditing efforts, including (\$1,930,138) general revenue.
- (\$4,150,000) core reduction in the nursing home appropriation due to enhanced efforts by advocates to enable individuals to stay in the community to promote quality of life, including (\$1,660,000) general revenue.
- (\$3,856,667) core reduction due to changes in the federal participation rates, including (\$2,292,027) general revenue.
- (\$3,275,000) core reduction to assist with funding the managed care trend factor, including (\$1,275,612) general revenue.
- (\$3,000,000) core reduction for savings associated with fraud and abuse system for pre-claim edits, including (\$1,200,000) general revenue.
- (\$2,800,000) core reduction in 1115 Waiver to reflect actual spending, including (\$280,000) general revenue.
- (\$2,025,000) core reduction for savings generated by quality assurance staff in physician services, including (\$847,941) general revenue.
- (\$2,000,000) core reduction for savings associated with requiring nursing home credits on drug returns, including (\$779,000) general revenue.
- (\$1,680,000) other funds core reduction from the Fiscal Year 2001 appropriation level.
- (\$1,514,154) one-time reduction, including (\$592,034) general revenue.
- (\$1,500,000) federal funds transferred from the Medicaid Outreach appropriation to the MC+ Enrollment appropriation.
- (\$1,500,000) core reduction from audit savings in physician services, including (\$622,799) general revenue.
- (\$750,001) core reduction for audit savings in hospital services, including (\$311,204) general revenue.
- (\$475,000) core reduction for savings generated by quality assurance staff in rehabilitation and specialty services, including (\$198,900) general revenue.
- (\$353,437) other funds transferred from the health initiatives fund appropriation to the State Medical Program to reflect expenditures.

STATE MEDICAL

	FY 2000	FY 2001	FY 2002
Caseload average for General Relief	2,728	2,728	2,728
Caseload average for Child Welfare Services	1,065	1,065	1,065
Caseload average for Blind Pension	2,659	2,659	2,659
Caseload average for the Division of Youth Services	<u>545</u>	<u>545</u>	<u>545</u>
Total caseload average for State Medical	6,997	6,997	6,997

Fiscal Year 2002 Governor's Recommendations

- \$1,898,374 to address the rising cost of pharmacy ingredients.
- \$100,027 to continue the Fiscal Year 2001 rate increase for in-home service providers.
- \$353,437 other funds transferred from the health initiatives fund appropriation to reflect expenditures.

DIVISION OF AGING

FINANCIAL SUMMARY



PERSONAL SERVICE

General Revenue Fund	10,295,408	11,303,530	11,347,664
Division of Aging - Federal Funds	13,510,317	15,328,840	0
Division of Family Services - Federal Funds	0	0	15,222,687
Nursing Facility Quality of Care Fund	410,257	1,078,645	1,083,555

EXPENSE AND EQUIPMENT

General Revenue Fund	1,701,868	1,632,683	1,653,702
Division of Aging - Federal Funds	2,301,353	2,915,192	0
Division of Family Services - Federal Funds	0	0	2,997,281
Nursing Facility Quality of Care Fund	1,400,542	2,324,643	2,276,448
Division of Aging - Elderly Home Delivered Meals Trust Fund	0	2	0

PROGRAM SPECIFIC DISTRIBUTION

General Revenue Fund	26,587,606	29,214,999	29,299,528
Division of Aging - Federal Funds	28,492,841	30,510,179	0
Division of Family Services - Federal Funds	0	0	31,231,173
Division of Aging Donations Fund	0	50,000	50,000
Nursing Facility Quality of Care Fund	12,935	1	1
Division of Aging - Elderly Home Delivered Meals Trust Fund	1,804	429,998	430,000

TOTAL	\$ 84,714,931	\$ 94,788,712	\$ 95,592,039
General Revenue Fund	38,584,882	42,151,212	42,300,894
Division of Aging - Federal Funds	44,304,511	48,754,211	0
Division of Family Services - Federal Funds	0	0	49,451,141
Division of Aging Donations Fund	0	50,000	50,000
Nursing Facility Quality of Care Fund	1,823,734	3,403,289	3,360,004
Division of Aging - Elderly Home Delivered Meals Trust Fund	1,804	430,000	430,000

Full-time equivalent employees	766.75	831.37	824.37
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ADMINISTRATIVE AND SUPPORT SERVICES

Administrative and Support Services staff oversee all Division of Aging activities to ensure that a comprehensive, effective, and coordinated service delivery system is available for Missouri's elderly.

	FY 2000	FY 2001	FY 2002
Number of complaints and statements of concern received	22,052	23,057	23,886
Pre-long-term care screenings/Missouri Care Options referrals	24,775	25,518	26,284
Number of in-home provider agencies	370	415	450
Number of in-home service agencies monitored for compliance	145	145	145

Fiscal Year 2002 Governor's Recommendations

- \$7,974 for pay plan, including \$3,689 general revenue.
- \$7,500 federal funds transferred from the Division of Budget and Finance for postage and phone expenses.
- (\$52,344) and (one) staff core reduction and associated expense and equipment from the Fiscal Year 2001 appropriation level, including (\$31,663) general revenue.

HOME AND COMMUNITY SERVICES PERSONNEL

Home and Community Services Personnel provides direct care and contracted services to Missouri's elderly. Case management, counseling, information and referral, congregate and home-delivered meals, transportation, and abuse prevention/protection services enable thousands of elderly residents to live dignified, independent lives.

	FY 2000	FY 2001	FY 2002
Estimated number of disabled persons and seniors with mobility and self-care limitations	293,250	294,900	296,670
Investigations of abuse/neglect reports	12,573	13,126	13,704
Pre-admission/long-term care screenings	24,775	25,518	26,284
Number of Missouri Care Options clients receiving in-home services	21,657	23,823	26,205
In-home service recipients served	49,039	50,970	53,014

Fiscal Year 2002 Governor's Recommendations

- \$100,564 for pay plan, including \$48,543 general revenue.
- \$25,000 federal funds transferred from Home and Community Services grants.
- \$5,000 federal funds transferred from the Division of Budget and Finance for postage and phone expenses.
- (\$177,900) federal funds and (six) staff in core reduction due to federal budget cuts in the Social Services Block Grant.
- (\$7,325) one-time expenses, including (\$4,908) general revenue.
- (\$248) transferred to the Division of Data Processing for network maintenance, including (\$147) general revenue.

INSTITUTIONAL SERVICES

Institutional Services programs help to ensure quality care for all citizens in nursing facilities and residential care facilities through on-site inspections of facilities and patient care. When deficiencies are observed, a revisit must be conducted by division inspectors within 55 days. Inspections also are conducted in conjunction with Medicaid and Medicare certification and in response to complaints of abuse, neglect, or substandard care. The ICF/MR Facility

Inspection section inspects intermediate care facilities treating the developmentally disabled to ensure compliance with state and federal regulations.

	FY 2000	FY 2001	FY 2002
Nursing facilities licensed	1,223	1,255	1,280
Federal surveys, state inspections, and reinspections	4,352	4,516	4,530
Investigations of abuse and neglect complaints	7,541	7,677	7,817
Pre-admission screenings and annual resident review	17,128	17,197	17,266
Average monthly number of Medicaid recipients in nursing facilities	26,938	26,691	26,958
State notices of noncompliance issued	147	190	163
Number of Medicare/Medicaid facilities cited for substandard care	35	40	36
Number of individuals on the Employment Disqualification List (EDL)	717	789	868
Number of Alzheimer's Special Care Units	160	188	206

Fiscal Year 2002 Governor's Recommendations

- \$64,597 for pay plan, including \$23,565 general revenue.
- \$12,000 federal funds transferred from the Division of Budget and Finance for postage and phone expenses.
- (\$96,390) federal and other funds for one-time expenditures.
- (\$3,720) transferred to the Division of Data Processing for network maintenance, including (\$2,199) general revenue

HOME AND COMMUNITY SERVICES PROGRAMS

	FY 2000	FY 2001	FY 2002
Number of paid personal care units of in-home services	1,081,043	1,081,043	1,081,043
Total paid units of in-home services	1,287,344	1,287,344	1,287,344
Number of clients receiving self-directed care services	9	10	20
Total number of state-funded, in-home service recipients	8,781	8,781	8,781

Fiscal Year 2002 Governor's Recommendations

- \$362,802 to fund the remaining six months of rate increases for in-home providers not funded in Fiscal Year 2001.
- (\$631,864) federal funds core reduction due to federal budget cuts in the Social Services Block Grant.
- (\$125,000) core reduction for adult daycare startup grants.

HOME AND COMMUNITY SERVICES GRANTS

	FY 2000	FY 2001	FY 2002
<u>Number of persons who receive services</u>			
Congregate nutrition	94,349	94,349	94,349
Home-delivered meals	38,665	38,665	38,665
Transportation	33,231	33,231	33,231

Fiscal Year 2002 Governor's Recommendations

- \$2,500,000 federal funds to provide the Area Agencies on Aging with funding to establish the National

Family Caregiver Support Program.

- (\$852,319) federal funds core reduction due to federal budget cuts in the Social Services Block Grant.
- (\$125,000) core reduction for meal equipment grants.
- (\$25,000) federal funds transferred to Home and Community Services personnel.

AREA AGENCIES FOR AGING (AAA) GRANTS

	FY 2000	FY 2001	FY 2002
Total number of meals provided	9,473,313	9,473,313	9,473,313
Number of seniors who receive ombudsman services	27,835	27,835	27,835

Fiscal Year 2002 Governor's Recommendations

- (\$185,000) federal funds core reduction in Area Agencies on Aging grants to reflect actual appropriation level.

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FY 2002 EXECUTIVE BUDGET

DEPARTMENT OF TRANSPORTATION

FINANCIAL SUMMARY



POLICY SUMMARY

The Governor's Fiscal Year 2002 budget recommendations for the Department of Transportation include \$2,193,291,193 for highway construction and maintenance, transportation programs, and related administrative activities. The budget combines state, federal, and local funds to support the state's 32,407 miles of highways, urban and rural public transit systems, transportation programs for the elderly and people with disabilities, public airports, port authorities, passenger rail, and freight rail rehabilitation projects.

Highway System Preservation and Enhancement

Missouri serves as a crossroads for national and international traffic due to its central location. Effective movement of people and goods through the state results in considerable economic benefits for Missourians. The state is responsible for maintaining the seventh largest road and bridge network in the United States. Preservation of the existing road and bridge system requires a significant, ongoing investment of funds. House Bill 1742 (2000) authorized the Department of Transportation to use bond financing to accelerate road and bridge improvement projects. The Highways and Transportation Commission may issue up to a total of \$2.25 billion in bonds to finance road and bridge projects, with no more than \$500 million worth of bonds issued in any one fiscal year. The first \$250 million in bonds has been issued to help accelerate work on 58 road and bridge projects already under way across Missouri. Another bond issuance of approximately \$404 million is planned for Fiscal Year 2002.

- Governor Holden recommends \$415,000,000 to utilize highway bond proceeds and interest earnings for road and bridge projects.

Some performance measures the Department of Transportation uses to evaluate its goal of preserving and improving Missouri's transportation system to enhance safety and encourage prosperity follow.

	FY 1997	FY 1998	FY 1999
Rate of vehicle accidents per 100 million miles traveled (state system only)	202.97	211.58	193.03
Rate of injury accidents per 100 million vehicle miles (state system only)	65.20	60.27	61.79
Rate of fatal accidents per 100 million vehicle miles (state system only)	1.78	1.85	1.71
Vehicle miles traveled annually (state system only)	44.3 billion	45.4 billion	46.9 billion
Percent of bridges with a "Good" or "Better" rating	36.3%	34.5%	33.8%

Enhancing Non-Highway Transportation Modes

Transit System Assistance - Local transit systems provide an alternative to driving for Missourians across the state. The services are available to all Missourians, but are of particular importance to individuals who are unable to drive due to physical limitations or because they do not own a vehicle. Governor Holden recognizes the importance of transit systems to the mobility of Missourians, and recommends the following Fiscal Year 2002 budget initiatives.

- \$1 million for operating assistance for small urban area transit systems.
- \$600,000 for operating assistance for non-urbanized and small city transit systems.
- \$140,000 to purchase additional vehicles for non-profit agencies serving the elderly and disabled.
- \$83,000 for assistance to metropolitan planning organizations.

Aviation Assistance - The department provides matching grants for airport capital improvement projects to assist Missouri communities. Grants are used to maintain runways, taxiways, aprons, and for emergency repairs on safety-related equipment. State assistance helps ensure that the flying public has access to safe, well-equipped, all-weather airports. The Governor recommends \$3,500,000 for additional Airport Improvement Program grants.

Some performance measures the Department of Transportation uses to evaluate its goal of preserving and improving Missouri's non-highway transportation system to enhance safety and encourage prosperity follow.



HIGHWAY ADMINISTRATION

This section includes divisions that support the activities of the Highways and Transportation Commission, as well as the central functions of highway planning, design, right-of-way acquisition, finance, and district engineer activities.

Fiscal Year 2002 Governor's Recommendations

- \$128,523 state highways and transportation department fund for pay plan.

FRINGE BENEFITS

This section includes the costs of providing retirement benefits, medical and life insurance, and workers' compensation for all Department of Transportation employees that are members of the Highway Employees and Highway Patrol Retirement System.

Fiscal Year 2002 Governor's Recommendations

- \$11,058,502 for fringe benefits, including \$48,093 general revenue.

SERVICE OPERATIONS

This program consists of the General Services and Information Systems Divisions. General Services provides fleet and facilities management, graphic services, procurement, and other special services. Information Systems provides support for information technology, networks, and systems.

Fiscal Year 2002 Governor's Recommendations

- \$22,678,548 other funds and 13 staff to provide necessary equipment, tools, and operational support for the department.
- \$98,493 state highways and transportation department fund for pay plan.
- \$12,765,800 state road fund transferred from Highway Maintenance.
- \$600,000 state highways and transportation department fund for an E-government initiative to provide Web-based services to commercial motor vehicle operators.

HIGHWAY MAINTENANCE

This program provides for necessary maintenance of the state road system through road and shoulder rehabilitation, bridge repair and maintenance, snow and ice removal, and mowing, among other activities.

Fiscal Year 2002 Governor's Recommendations

- \$774,061 state highways and transportation department fund for pay plan.
- (\$12,765,800) state road fund transferred to Service Operations.

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	GOVERNOR RECOMMENDS FY 2002
PERSONAL SERVICE			
State Highways and Transportation Department Fund	\$ 112,822,154	\$ 121,160,585	\$ 121,934,646
EXPENSE AND EQUIPMENT			
State Road Fund	111,090,079	122,542,999	109,777,200
PROGRAM SPECIFIC DISTRIBUTION			
State Road Fund	629,465	1	0
TOTAL	\$ 224,541,698	\$ 243,703,585	\$ 231,711,846
State Road Fund	111,719,544	122,543,000	109,777,200
State Highways and Transportation Department Fund	112,822,154	121,160,585	121,934,646
Full-time equivalent employees	3,686.00	3,686.00	3,686.00

HIGHWAY CONSTRUCTION

This program includes activities such as land acquisition, letting of contracts for road and bridge construction, construction monitoring, and transportation enhancement activities.

Fiscal Year 2002 Governor's Recommendations

- \$415,000,000 state road fund to utilize bond proceeds for road and bridge projects.
- \$269,242,288 other funds and five staff for the design of highways and bridges, right-of-way acquisition, and payments to contractors.
- \$21,950,893 state road fund for debt service on outstanding road bonds issued by the Department of Transportation.
- \$417,903 state highways and transportation department fund for pay plan.

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	GOVERNOR RECOMMENDS FY 2002
PERSONAL SERVICE			
State Highways and Transportation Department Fund	\$ 74,696,344	\$ 82,129,991	\$ 82,773,807
EXPENSE AND EQUIPMENT			
State Road Fund	887,083,400	53,133,820	55,263,520
PROGRAM SPECIFIC DISTRIBUTION			
State Road Fund	8,080,550	825,135,325	1,528,972,893
TOTAL	\$ 969,860,294	\$ 960,399,136	\$1,667,010,220
State Road Fund	895,163,950	878,269,145	1,584,236,413
State Highways and Transportation Department Fund	74,696,344	82,129,991	82,773,807
Full-time equivalent employees	1,871.17	1,990.00	1,995.00

MISSISSIPPI RIVER PARKWAY COMMISSION

The Mississippi River Parkway Commission (MRPC) is a local component of the national MRPC established by Congress in the Federal Aid Highway Act of 1954. The MRPC's primary function is to promote the Great River Road that extends along the Mississippi River from the Trans-Canadian Highway to the Gulf of Mexico. Signs along the highway identify lakes, streams, bridges, historical sites, unusual or beautiful land formations, and legendary areas.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

MULTIMODAL OPERATIONS AND PROGRAMS

FINANCIAL SUMMARY

	FY 2000 EXPENDITURE	FY 2001 APPROPRIATION	GOVERNOR RECOMMENDS FY 2002
Multimodal Operations	\$ 11,165,624	\$ 11,845,552	\$ 11,904,274
Transit Programs			
Capital Assistance for Transportation of Elderly and Handicapped Citizens	1,263,443	1,460,739	1,600,739
State Aid for Transportation of Elderly, Handicapped, and Low-Income Citizens	2,855,420	2,943,732	2,943,732
Urban Transit Grants	3,648,767	2,974,641	3,974,641
Small Urban and Rural Transportation	4,437,570	4,506,574	5,106,574
Public Transit Capital Grants	8,057,433	12,000,000	12,000,000
Planning Grants	647,243	825,000	908,000
Railroad Programs			
Local Rail Freight Assistance Program	50,687	350,378	350,378
State Amtrak Assistance	5,977,980	6,200,000	6,200,000
Amtrak Station Improvements and Advertising	146,593	200,000	150,000
Aviation Programs			
State Aid to Airports	1,756,083	4,000,000	4,000,000
Federal Aviation Assistance	8,495,555	7,500,000	11,000,000
Waterways Programs			
Port Authority Financial Assistance	528,622	494,987	444,987
Port Authority Capital Assistance Program	278,965	0	0
TOTAL	\$ 49,309,985	\$ 55,301,603	\$ 60,583,325
PERSONAL SERVICE			
General Revenue Fund	637,076	681,482	684,480
Federal Funds	306,071	379,314	380,948
State Highways and Transportation Department Fund	145,254	162,376	162,996
State Transportation Fund	4,874	44,977	45,187
EXPENSE AND EQUIPMENT			
General Revenue Fund	52,655	221,395	166,756
Federal Funds	100,500	650,004	650,000
State Road Fund	11,503	14,999	15,000
Aviation Trust Fund	1,865	2	0
State Transportation Fund	1,095	24,998	25,000
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	16,440,427	16,956,207	16,558,706
Federal Funds	26,648,286	29,684,928	35,011,832
State Road Fund	0	1	0
State Transportation Fund	1,531,161	1,130,922	1,532,420
State Transportation Assistance Revolving Fund	1,675,000	1,350,000	1,350,000
Aviation Trust Fund	1,754,218	3,999,998	4,000,000
TOTAL	\$ 49,309,985	\$ 55,301,603	\$ 60,583,325
General Revenue Fund	17,130,158	17,859,084	17,409,942
Federal Funds	27,054,857	30,714,246	36,042,780
State Road Fund	11,503	15,000	15,000
State Highways and Transportation Department Fund	145,254	162,376	162,996
State Transportation Fund	1,537,130	1,200,897	1,602,607
State Transportation Assistance Revolving Fund	1,675,000	1,350,000	1,350,000
Aviation Trust Fund	1,756,083	4,000,000	4,000,000
Full-time equivalent employees	24.69	26.00	26.00

MULTIMODAL OPERATIONS

The director for Multimodal Operations, supported by professional and accounting staff, is responsible for overseeing the performance of duties in the areas of transit, railroads, aviation, and waterways.

The transit section is responsible for evaluation and coordination of local applications for transit assistance, assessment of statewide transit needs, completion of local transit development studies, negotiation of service contracts for elderly and handicapped transportation, and monitoring of all contracts for compliance. In addition, the section provides training and technical assistance to special and general transportation providers as specified under the transit provisions in Chapter 53 of Title 49, United States Code.

The railroad section's duties include planning, promotion, and development of improved rail freight and passenger service in and through Missouri and retention of existing rail service. These measures are necessary to ensure that the rail industry remains a viable and useful component in the nation's and the state's economy.

The aviation section is responsible for maintaining the state airport systems plan, which is updated annually through on-site inspections. Aviation staff also provide administrative and engineering assistance to local governments to secure available federal grants and successfully implement airport improvement plans.

Waterways personnel assist local port authorities in the promotion of waterborne transportation through the provision of technical assistance and planning grants that the port authorities utilize for managerial, engineering, legal, research, planning, promotional, and other related expenses.

Fiscal Year 2002 Governor's Recommendations

- \$50,000 state transportation fund to participate in the Midwest Rail Initiative.
- \$7,900 to reimburse the state road fund for support provided to Multimodal Operations, including \$2,500 general revenue.
- \$5,462 for pay plan, including \$2,998 general revenue.
- (\$4,640) core reduction from the Fiscal Year 2001 appropriation level.

CAPITAL ASSISTANCE FOR TRANSPORTATION OF ELDERLY AND DISABLED CITIZENS

Section 5310 provides capital assistance to local not-for-profit transportation providers and public entities serving the elderly and people with disabilities. These grants require a 20 percent local match for bus, van, and related equipment purchases. The department's transit section evaluates applications from local providers and executes contracts in accordance with federal guidelines. Vehicles secured through the program are monitored by the transit section on a monthly basis with respect to the type and extent of use.

Fiscal Year 2002 Governor's Recommendations

- \$140,000 federal funds to purchase additional vehicles for non-profit agencies serving the elderly and disabled.

STATE AID FOR TRANSPORTATION OF ELDERLY, DISABLED, AND LOW-INCOME CITIZENS

The Missouri Elderly and Handicapped Transportation Assistance Program provides state financial assistance to help defray operating costs incurred by not-for-profit transporters of the elderly and people with disabilities. State funds are used to supplement local, private, and federal funds available to these transit operators.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

URBAN TRANSIT GRANTS

Section 5307 provides capital assistance and operating subsidies for public transportation systems in cities of 50,000 to 200,000 population. The cities of Columbia, Springfield, St. Joseph, and Joplin are eligible for grants under this program. Funds may be used to pay up to 80 percent of eligible capital expenses such as vehicle and equipment purchases, as well as to offset up to 50 percent of operating losses. The department's transit section is responsible for certification of local transit planning processes, processing applications for assistance, and monitoring funds under contract in this program.

Fiscal Year 2002 Governor's Recommendations

- \$1,000,000 federal funds for operating assistance for small urban area transit systems.

SMALL URBAN AND RURAL TRANSPORTATION DEVELOPMENT

Federal funds authorized under Section 5311 may be used to assist small urban and rural areas under 50,000 population to acquire capital equipment and finance the operation of public transit programs. An 80 percent federal match is available for capital acquisitions, while a 50 percent federal match is available for operating losses and administrative expenses.

Fiscal Year 2002 Governor's Recommendations

- \$600,000 federal funds for operating assistance for non-urbanized areas and small city transit systems.

PUBLIC TRANSIT CAPITAL GRANTS

Section 5309 provides federal financial assistance for the purchase of capital items. The Federal Transit Administrator approves all grant applications and establishes the match ratio. Applicants are responsible for providing the local share.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

PLANNING GRANTS

Section 5303 provides federal financial assistance for metropolitan transit planning activities in six metropolitan areas - St. Louis, Kansas City, Springfield, Columbia, St. Joseph, and Joplin. Each metropolitan area is required to provide a 20 percent local share to match the 80 percent federal share. This program supports demographic forecasting, corridor studies, transit service analysis, route and schedule evaluation, financial capacity analysis, special needs investigations, and transit management studies.

Fiscal Year 2002 Governor's Recommendations

- \$83,000 federal funds for transit planning assistance to metropolitan planning organizations.

LOCAL RAIL FREIGHT ASSISTANCE PROGRAM

Federal financial assistance is provided for acquisition, rehabilitation, improvement, or rail facility construction assistance through Section 5 of the Department of Transportation Act.

Fiscal Year 2002 Governor's Recommendations

Continue funding at the current level.

STATE AMTRAK ASSISTANCE/AMTRAK STATION IMPROVEMENTS AND ADVERTISING

Missouri participates in the federal Amtrak program, which requires the state to pay a portion of the operating losses for the "St. Louis - Kansas City Mule" and "Ann Rutledge" train service. Program costs depend upon revenues received from ridership and actual operating costs. The state also provides funding for an Amtrak advertising and station improvement program.

Fiscal Year 2002 Governor's Recommendations

- \$350,000 state transportation fund for support of Amtrak.
- (\$375,000) core reduction from Fiscal Year 2001 appropriation level.
- (\$25,000) core reduction for one-time expenditures.

STATE AID TO AIRPORTS/FEDERAL AVIATION ASSISTANCE

Section 305.230, RSMo provides for an aviation trust fund to be used for providing matching grants to public airports for capital improvements; preventive maintenance of runways, taxiways, and aprons; and for emergency repairs on safety-related items. Aviation trust fund moneys may also be used for printing and distribution of state aeronautical charts and state airport directories.

State grants and local contributions are used to match federal funds on a 50/50 (state/local) matching basis. Priority for the allocation of state grants is given to applicants that have projects with the best chance for federal grant funding. Federal funds are provided to local airports on a 90/10 (federal/local) matching basis.

Fiscal Year 2002 Governor's Recommendations

- \$3,500,000 federal funds for additional Airport Improvement Program grants.

STATE AID TO PORT AUTHORITIES

State aid is available to local port authorities for administration, planning, and development activities such as


financial and engineering studies. Port authorities currently active and receiving assistance are the Howard/Cooper County Regional Port Authority, Jefferson County Port Authority, Pemiscot County Port Authority, Southeast Missouri Regional Port Authority, Mississippi County Port Authority, New Madrid County Port Authority, New Bourbon Port Authority, St. Joseph Regional Port Authority, Lewis County-Canton Missouri Port Authority, and the Ports of Kansas City, St. Louis, and St. Louis City.

Fiscal Year 2002 Governor's Recommendations

- (\$50,000) core reduction for one-time expenditures.

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